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PAPERS RELATING TO THE FOREIGN RELATIONS OF THE UNITED STATES

WITH THE ADDRESS OF
THE PRESIDENT TO CONGRESS
DECEMBER 4, 1917 :: :: ::



WASHINGTON
GOVERNMENT PRINTING OFFICE

1926

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ADDRESS OF THE PRESIDENT

Gentlemen of the Congress:

Eight months have elapsed since I last had the honor of addressing you. They have been months crowded with events of immense and grave significance for us. I shall not undertake to retail or even to summarize those events. The practical particulars of the part we have played in them will be laid before you in the reports of the Executive departments. I shall discuss only our present outlook upon these vast affairs, our present duties, and the immediate means of accomplishing the objects we shall hold always in view.

I shall not go back to debate the causes of the war. The intolerable wrongs done and planned against us by the sinister masters of Germany have long since become too grossly obvious and odious to every true American to need to be rehearsed. But I shall ask you to consider again and with a very grave scrutiny our objectives and the measures by which we mean to attain them; for the purpose of discussion here in this place is action, and our action must move straight towards definite ends. Our object is, of course, to win the war; and we shall not slacken or suffer ourselves to be diverted until it is won. But it is worth while asking and answering the question, When shall we consider the war won?

From one point of view it is not necessary to broach this fundamental matter. I do not doubt that the American people know what the war is about and what sort of an outcome they will regard as a realization of their purpose in it. As a Nation we are united in spirit and intention. I pay little heed to those who tell me otherwise. I hear the voices of dissent—who does not? I hear the criticism and the clamor of the noisily thoughtless and troublesome. I also see men here and there fling themselves in impotent disloyalty against the calm, indomitable power of the Nation. I hear men debate peace who understand neither its nature nor the way in which we may attain it with uplifted eyes and unbroken spirits. But I know that none of these speaks for the Nation. They do not touch the heart of anything. They may safely be left to strut their uneasy hour and be forgotten.

But from another point of view I believe that it is necessary to say plainly what we here at the seat of action consider the war to be for and what part we mean to play in the settlement of its searching issues. We are the spokesmen of the American people and they

have a right to know whether their purpose is ours. They desire peace by the overcoming of evil, by the defeat once for all of the sinister forces that interrupt peace and render it impossible, and they wish to know how closely our thought runs with theirs and what action we propose. They are impatient with those who desire peace by any sort of compromise—deeply and indignantly impatient—but they will be equally impatient with us if we do not make it plain to them what our objectives are and what we are planning for in seeking to make conquest of peace by arms.

I believe that I speak for them when I say two things: First, that this intolerable thing of which the masters of Germany have shown us the ugly face, this menace of combined intrigue and force which we now see so clearly as the German power, a thing without conscience or honor or capacity for covenanted peace, must be crushed and, if it be not utterly brought to an end, at least shut out from the friendly intercourse of the nations; and, second, that when this thing and its power are indeed defeated and the time comes that we can discuss peace—when the German people have spokesmen whose word we can believe and when those spokesmen are ready in the name of their people to accept the common judgment of the nations as to what shall henceforth be the bases of law and of covenant for the life of the world—we shall be willing and glad to pay the full price for peace, and pay it ungrudgingly. We know what that price will be. It will be full, impartial justice—justice done at every point and to every nation that the final settlement must affect, our enemies as well as our friends.

You catch, with me, the voices of humanity that are in the air. They grow daily more audible, more articulate, more persuasive, and they come from the hearts of men everywhere. They insist that the war shall not end in vindictive action of any kind; that no nation or people shall be robbed or punished because the irresponsible rulers of a single country have themselves done deep and abominable wrong. It is this thought that has been expressed in the formula "No annexations, no contributions, no punitive indemnities." Just because this crude formula expresses the instinctive judgment as to right of plain men everywhere it has been made diligent use of by the masters of German intrigue to lead the people of Russia astray—and the people of every other country their agents could reach—in order that a premature peace might be brought about before autocracy has been taught its final and convincing lesson, and the people of the world put in control of their own destinies.

But the fact that a wrong use has been made of a just idea is no reason why a right use should not be made of it. It ought to be brought under the patronage of its real friends. Let it be said again that autocracy must first be shown the utter futility of its claims to

power or leadership in the modern world. It is impossible to apply any standard of justice so long as such forces are unchecked and undefeated as the present masters of Germany command. Not until that has been done can right be set up as arbiter and peacemaker among the nations. But when that has been done—as, God willing, it assuredly will be—we shall at last be free to do an unprecedented thing, and this is the time to avow our purpose to do it. We shall be free to base peace on generosity and justice, to the exclusion of all selfish claims to advantage even on the part of the victors.

Let there be no misunderstanding. Our present and immediate task is to win the war, and nothing shall turn us aside from it until it is accomplished. Every power and resource we possess, whether of men, of money, or of materials, is being devoted and will continue to be devoted to that purpose until it is achieved. Those who desire to bring peace about before that purpose is achieved I counsel to carry their advice elsewhere. We will not entertain it. We shall regard the war as won only when the German people say to us, through properly accredited representatives, that they are ready to agree to a settlement based upon justice and the reparation of the wrongs their rulers have done. They have done a wrong to Belgium which must be repaired. They have established a power over other lands and peoples than their own—over the great Empire of Austria-Hungary, over hitherto free Balkan States, over Turkey, and within Asia—which must be relinquished.

Germany's success by skill, by industry, by knowledge, by enterprise we did not grudge or oppose, but admired, rather. She had built up for herself a real empire of trade and influence, secured by the peace of the world. We were content to abide the rivalries of manufacture, science, and commerce that were involved for us in her success and stand or fall as we had or did not have the brains and the initiative to surpass her. But at the moment when she had conspicuously won her triumphs of peace she threw them away, to establish in their stead what the world will no longer permit to be established, military and political domination by arms, by which to oust where she could not excel the rivals she most feared and hated. The peace we make must remedy that wrong. It must deliver the once fair lands and happy peoples of Belgium and northern France from the Prussian conquest and the Prussian menace, but it must also deliver the peoples of Austria-Hungary, the peoples of the Balkans, and the peoples of Turkey, alike in Europe and in Asia, from the impudent and alien dominion of the Prussian military and commercial autocracy.

We owe it, however, to ourselves to say that we do not wish in any way to impair or to rearrange the Austro-Hungarian Empire. It is no affair of ours what they do with their own life, either industrially or

politically. We do not purpose or desire to dictate to them in any way. We only desire to see that their affairs are left in their own hands, in all matters, great or small. We shall hope to secure for the peoples of the Balkan Peninsula and for the people of the Turkish Empire the right and opportunity to make their own lives safe, their own fortunes secure against oppression or injustice and from the dictation of foreign courts or parties.

And our attitude and purpose with regard to Germany herself are of a like kind. We intend no wrong against the German Empire, no interference with her internal affairs. We should deem either the one or the other absolutely unjustifiable, absolutely contrary to the principles we have professed to live by and to hold most sacred throughout our life as a nation.

The people of Germany are being told by the men whom they now permit to deceive them and to act as their masters that they are fighting for the very life and existence of their Empire, a war of desperate self-defense against deliberate aggression. Nothing could be more grossly or wantonly false, and we must seek by the utmost openness and candor as to our real aims to convince them of its falseness. We are in fact fighting for their emancipation from fear, along with our own—from the fear as well as from the fact of unjust attack by neighbors or rivals or schemers after world empire. No one is threatening the existence or the independence or the peaceful enterprise of the German Empire.

The worst that can happen to the detriment of the German people is this, that if they should still, after the war is over, continue to be obliged to live under ambitious and intriguing masters interested to disturb the peace of the world, men or classes of men whom the other peoples of the world could not trust, it might be impossible to admit them to the partnership of nations which must henceforth guarantee the world's peace. That partnership must be a partnership of peoples, not a mere partnership of governments. It might be impossible, also, in such untoward circumstances, to admit Germany to the free economic intercourse which must inevitably spring out of the other partnerships of a real peace. But there would be no aggression in that; and such a situation, inevitable because of distrust, would in the very nature of things sooner or later cure itself, by processes which would assuredly set in.

The wrongs, the very deep wrongs, committed in this war will have to be righted. That of course. But they can not and must not be righted by the commission of similar wrongs against Germany and her allies. The world will not permit the commission of similar wrongs as a means of reparation and settlement. Statesmen must by this time have learned that the opinion of the world is everywhere wide awake and fully comprehends the issues involved. No repre-

sentative of any self-governed nation will dare disregard it by attempting any such covenants of selfishness and compromise as were entered into at the congress of Vienna. The thought of the plain people here and everywhere throughout the world, the people who enjoy no privilege and have very simple and unsophisticated standards of right and wrong, is the air all governments must henceforth breathe if they would live. It is in the full disclosing light of that thought that all policies must be conceived and executed in this midday hour of the world's life. German rulers have been able to upset the peace of the world only because the German people were not suffered under their tutelage to share the comradeship of the other peoples of the world either in thought or in purpose. They were allowed to have no opinion of their own which might be set up as a rule of conduct for those who exercised authority over them. But the congress that concludes this war will feel the full strength of the tides that run now in the hearts and consciences of free men everywhere. Its conclusions will run with those tides.

All these things have been true from the very beginning of this stupendous war; and I can not help thinking that if they had been made plain at the very outset the sympathy and enthusiasm of the Russian people might have been once for all enlisted on the side of the Allies, suspicion and distrust swept away, and a real and lasting union of purpose effected. Had they believed these things at the very moment of their revolution and had they been confirmed in that belief since, the sad reverses which have recently marked the progress of their affairs towards an ordered and stable government of free men might have been avoided. The Russian people have been poisoned by the very same falsehoods that have kept the German people in the dark, and the poison has been administered by the very same hands. The only possible antidote is the truth. It can not be uttered too plainly or too often.

From every point of view, therefore, it has seemed to be my duty to speak these declarations of purpose, to add these specific interpretations to what I took the liberty of saying to the Senate in January. Our entrance into the war has not altered our attitude towards the settlement that must come when it is over. When I said in January that the nations of the world were entitled not only to free pathways upon the sea but also to assured and unmolested access to those pathways I was thinking, and I am thinking now, not of the smaller and weaker nations alone, which need our countenance and support, but also of the great and powerful nations, and of our present enemies as well as our present associates in the war. I was thinking, and am thinking now, of Austria herself, among the rest, as well as of Serbia and of Poland. Justice and equality of rights can be had only at a great price. We are seeking permanent, not

temporary, foundations for the peace of the world and must seek them candidly and fearlessly. As always, the right will prove to be the expedient.

What shall we do, then, to push this great war of freedom and justice to its righteous conclusion? We must clear away with a thorough hand all impediments to success and we must make every adjustment of law that will facilitate the full and free use of our whole capacity and force as a fighting unit.

One very embarrassing obstacle that stands in our way is that we are at war with Germany but not with her allies. I therefore very earnestly recommend that the Congress immediately declare the United States in a state of war with Austria-Hungary. Does it seem strange to you that this should be the conclusion of the argument I have just addressed to you? It is not. It is in fact the inevitable logic of what I have said. Austria-Hungary is for the time being not her own mistress but simply the vassal of the German Government. We must face the facts as they are and act upon them without sentiment in this stern business. The government of Austria-Hungary is not acting upon its own initiative or in response to the wishes and feelings of its own peoples but as the instrument of another nation. We must meet its force with our own and regard the Central Powers as but one. The war can be successfully conducted in no other way. The same logic would lead also to a declaration of war against Turkey and Bulgaria. They also are the tools of Germany. But they are mere tools and do not yet stand in the direct path of our necessary action. We shall go wherever the necessities of this war carry us, but it seems to me that we should go only where immediate and practical considerations lead us and not heed any others.

The financial and military measures which must be adopted will suggest themselves as the war and its undertakings develop, but I will take the liberty of proposing to you certain other acts of legislation which seem to me to be needed for the support of the war and for the release of our whole force and energy.

It will be necessary to extend in certain particulars the legislation of the last session with regard to alien enemies; and also necessary, I believe, to create a very definite and particular control over the entrance and departure of all persons into and from the United States.

Legislation should be enacted defining as a criminal offense every wilful violation of the presidential proclamations relating to alien enemies promulgated under section 4067 of the Revised Statutes and providing appropriate punishments; and women as well as men should be included under the terms of the acts placing restraints upon alien enemies. It is likely that as time goes on many alien enemies will be willing to be fed and housed at the expense of the Government in the

detention camps and it would be the purpose of the legislation I have suggested to confine offenders among them in penitentiaries and other similar institutions where they could be made to work as other criminals do.

Recent experience has convinced me that the Congress must go further in authorizing the Government to set limits to prices. The law of supply and demand, I am sorry to say, has been replaced by the law of unrestrained selfishness. While we have eliminated profiteering in several branches of industry it still runs impudently rampant in others. The farmers, for example, complain with a great deal of justice that, while the regulation of food prices restricts their incomes, no restraints are placed upon the prices of most of the things they must themselves purchase; and similar inequities obtain on all sides.

It is imperatively necessary that the consideration of the full use of the water power of the country and also the consideration of the systematic and yet economical development of such of the natural resources of the country as are still under the control of the Federal Government should be immediately resumed and affirmatively and constructively dealt with at the earliest possible moment. The pressing need of such legislation is daily becoming more obvious.

The legislation proposed at the last session with regard to regulated combinations among our exporters, in order to provide for our foreign trade a more effective organization and method of cooperation, ought by all means to be completed at this session.

And I beg that the members of the House of Representatives will permit me to express the opinion that it will be impossible to deal in any but a very wasteful and extravagant fashion with the enormous appropriations of the public moneys which must continue to be made, if the war is to be properly sustained, unless the House will consent to return to its former practice of initiating and preparing all appropriation bills through a single committee, in order that responsibility may be centered, expenditures standardized and made uniform, and waste and duplication as much as possible avoided.

Additional legislation may also become necessary before the present Congress again adjourns in order to effect the most efficient coordination and operation of the railway and other transportation systems of the country; but to that I shall, if circumstances should demand, call the attention of the Congress upon another occasion.

If I have overlooked anything that ought to be done for the more effective conduct of the war, your own counsels will supply the omission. What I am perfectly clear about is that in the present session of the Congress our whole attention and energy should be concentrated on the vigorous, rapid, and successful prosecution of the great task of winning the war.

We can do this with all the greater zeal and enthusiasm because we know that for us this is a war of high principle, debased by no selfish ambition of conquest or spoliation; because we know, and all the world knows, that we have been forced into it to save the very institutions we live under from corruption and destruction. The purposes of the Central Powers strike straight at the very heart of everything we believe in; their methods of warfare outrage every principle of humanity and of knightly honor; their intrigue has corrupted the very thought and spirit of many of our people; their sinister and secret diplomacy has sought to take our very territory away from us and disrupt the Union of the States. Our safety would be at an end, our honor forever sullied and brought into contempt were we to permit their triumph. They are striking at the very existence of democracy and liberty.

It is because it is for us a war of high, disinterested purpose, in which all the free peoples of the world are banded together for the vindication of right, a war for the preservation of our Nation and of all that it has held dear of principle and of purpose, that we feel ourselves doubly constrained to propose for its outcome only that which is righteous and of irreproachable intention, for our foes as well as for our friends. The cause being just and holy, the settlement must be of like motive and quality. For this we can fight, but for nothing less noble or less worthy of our traditions. For this cause we entered the war and for this cause will we battle until the last gun is fired.

I have spoken plainly because this seems to me the time when it is most necessary to speak plainly, in order that all the world may know that even in the heat and ardor of the struggle and when our whole thought is of carrying the war through to its end we have not forgotten any ideal or principle for which the name of America has been held in honor among the nations and for which it has been our glory to contend in the great generations that went before us. A supreme moment of history has come. The eyes of the people have been opened and they see. The hand of God is laid upon the nations. He will show them favor, I devoutly believe, only if they rise to the clear heights of His own justice and mercy.

WOODROW WILSON.

December 4, 1917.

LIST OF PAPERS, WITH SUBJECTS OF CORRESPONDENCE

CIRCULARS

No.	From and to whom	Date	Subject	Page
	Circular -----	1917 Apr. 7	International Farm Congress. Directs to extend invitations to send representatives.	3
	-----do-----	June 23	Same subject. The congress will be held Sept. 18-29, 1917.	4
	Circular telegram	Nov. 30	Establishment of chapters of the American Red Cross. Instructs to encourage.	4

ARGENTINA

	Mr. Stimson to Mr. Lansing (telegram).	1917 June 29	Visit of an American fleet to Buenos Aires upon invitation by the Argentine Government. Argentine Government extends invitation to our fleet to visit Buenos Aires.	5
	Same to same (telegram).	July 1	Same subject. Argentine Senate approves policy of President in invitation to United States squadron to visit Buenos Aires. Suggests he be allowed to announce coming of fleet in speech July 4.	6
	-----do-----	July 11	Same subject. Quotes written invitation to be given by the Minister of Foreign Affairs.	5
	Mr. Polk to Mr. Stimson (telegram).	July 13	Same subject. United States Government accepts invitation of Argentina.	5
	Mr. Stimson to Mr. Lansing (telegram).	July 15	Same subject. Quotes note received from Minister of Foreign Affairs and reports President wishes to receive fleet with all possible honors.	6
	Mr. Polk to Mr. Stimson (telegram).	July 19	Same subject. Instructs him to arrange program of activities for officers making visit to the end that wishes of Argentine Government may materialize.	6
	Mr. Stimson to Mr. Lansing (telegram).	July 21	Same subject. Outlines details of official program.	7
	Same to same (telegram)	July 25	Same subject. Fleet arrives; Minister for Foreign Affairs gives welcome dinner.	7
	-----do-----	July 26	Same subject. President expresses satisfaction in welcoming fleet and makes assurance that the great reception came from the hearts of the people.	7

ARGENTINA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 July 29	Same subject. Reports 1,000 sailors march through city to races; President extends invitation for fleet to remain longer in Argentine waters.	7
	-----do-----	July 31	Same subject. Squadron sails; President expresses wish for its good fortune.	8

AUSTRIA-HUNGARY

		1915		
324	Mr. Page to Mr. Lansing.	July 8	Abrogation of provisions of certain treaties. Acceptance of denunciation by the Italian Government.	18
		1916		
	Mr. Lansing to Mr. Page.	Mar. 25	Same subject. Points out errors in Department's instruction of May 29, 1916, and instructs to inform the Italian Government.	18
	Mr. Lansing to Mr. Cellere.	Mar. 29	Same subject. Incloses copy of above instruction.	20
2163	Mr. Cellere to Mr. Lansing.	June 29	Same subject. Advises that the Italian Government accepts denunciation. Gives notice that his Government denounces the whole Treaty of May 8, 1878.	20
525	Mr. Jay to Mr. Lansing.	June 30	Same subject. Incloses copy of a note from the Foreign Office accepting the denunciation.	21
1339	Mr. Penfield to Mr. Lansing (telegram).	July 17	Same subject. Refers to Department's May 29, 1915, and telegram Apr. 1, 1916, and quotes note from Foreign Office which says Austro-Hungarian Government agrees to repeal of certain articles in conventions of May 8, 1848, and July 11, 1870, respectively.	9
1781	Same to same-----	July 19	Same subject. Incloses note from Foreign Office on subject contained in Mr. Penfield's 1339, July 17.	9
1305	Mr. Polk to Mr. Penfield (telegram).	July 24	Same subject. Refers his 1339 and asks for clearer statement of Austria-Hungary's position.	10
281	Mr. Vopicka to Mr. Lansing (telegram).	July 25	Same subject. Refers Department's circular Apr. 1; Foreign Office verbally approves seamen's act.	17
	Mr. Polk to Mr. Cellere.	Aug. 2	Same subject. Acknowledges notice of denunciation of the Treaty of May 8, 1878.	22
3754	Mr. Gerard to Mr. Lansing.	Aug. 7	Same subject. Incloses copy of note from Foreign Office which states that seamen's act contains regulations not consistent with agreements in treaties between the Empire and the United States.	12

AUSTRIA-HUNGARY-- Continued

No.	From and to whom	Date	Subject	Page
378	Mr. Polk to Mr. Page.	1916 Aug. 8	Same subject. Incloses copy of note from the Italian Ambassador of June 29, 1916, and Department's reply.	22
3670	Mr. Lansing to Mr. Grew.	Nov. 9	Same subject. In answer to Embassy's 3754 of Aug. 7 refers to Department's instruction No. 3671 of Nov. 9.	13
3671	Same to same-----	Nov. 9	Same subject. Incloses copy of seamen's act of Mar. 4, 1915, and gives explanation of the origin of the legislation.	14
2447	Mr. Penfield to Mr. Lansing.	1917 Jan. 30	Same subject. Incloses further note from Foreign Office requesting reply to certain questions raised in its note July 13, 1916.	10
1528	Mr. Lansing to Mr. Penfield (telegram).	Feb. 5	Same subject. Refers to his telegram 1668; states Department is not clear concerning assurances Austro-Hungarian Gov't desires and instructs him communicate to that Gov't Department's belief that it will have no cause for fear on account of the seamen's act.	11
1386	Same to same-----	Mar. 14	Same subject. Department's telegram 1528 of Feb. 5 fully answers inquiry contained in his No. 2447.	12
1662	Mr. Cellere to Mr. Lansing.	June 11	Same subject. The Italian Government desires to withdraw its denunciation of the Treaty of May 8, 1878.	23
283	Mr. Lansing to Mr. Cellere.	June 22	Same subject. The Government of the United States acquiesces in the withdrawal of the denunciation of the Treaty of May 8, 1878.	25

BRAZIL

	Mr. Morgan to Mr. Lansing (telegram).	1917 July 5	Friendship of Brazil. Reports observance of 4th of July. Demonstration of great friendship for this Government and the sailors of Admiral Caperton's squadron.	26
958	Same to same-----	July 11	Same subject. Reports further on 4th of July celebration; the visit of President to flagship; parade through streets and popular ovation.	26
960	-----do-----	do-----	Same subject. Reports public and press to be greatly impressed with visit of squadron commenting upon excellent conduct of men.	27

CENTRAL AMERICA

No.	From and to whom	Date	Subject	Page
	Editorial note-----	-----	Central American Affairs. A brief historical sketch showing the status of the five Central American States from the time of their independence.	29
352	Mr. Jefferson to Mr. Lansing.	1917 Mar. 14	Same subject. Incloses copy of the note from the Foreign Office of Mar. 10, 1917, in which is transcribed the telegraphic communication of the Minister for Foreign Affairs to the Central American Governments declaring the intention of the Government of Nicaragua to withdraw from the Central American Court of Justice.	30
	Mr. Zaldivar to Mr. Lansing.	Mar. 30	Same subject. Transmits translations of telegrams between Nicaragua and Salvador relative to Nicaragua's denouncement of the convention for the establishment of a Central American Court of Justice. Also a memorandum containing an expression of the views of the Government and people of Salvador concerning Nicaragua's withdrawal.	31
360	Mr. Jefferson to Mr. Lansing.	Apr. 3	Same subject. Incloses copy of a note sent by Nicaragua to Salvador relative to Nicaragua's withdrawal from the Central American Court.	33
	Mr. Cuadra Z. to Mr. Lansing.	Apr. 14	Same subject. Presents reasons which Nicaragua considers justifying her in withdrawing from the Central American Court.	34
	Mr. Jefferson to Mr. Lansing. (telegram).	Aug. 22	Same subject. Nicaragua invited to join in movement for the purpose of considering the extension of the Central American Court for another decade. Also to form a Central American Union. President Chamorro asks whether the Department has knowledge of this movement and if it meets with its approval.	37
	Mr. Johnson to Mr. Lansing (telegram).	Aug. 23	Same subject. Tinoco organ, in order to satisfy popular demand, welcomes movement of union as desirable and necessary for Central America. But <i>de facto</i> Government apparently committed to principles of Washington Conventions. Reasons.	37
	Mr. Zaldivar to Mr. Lansing.	---do---	Same subject. Salvadorean Government has proposed a Central American conference for the purpose of extending the life of the Central American Court of Justice. Asks the United States to send representatives to the contemplated conference in the event that it is held.	38

CENTRAL AMERICA-- Continued

No.	From and to whom	Date	Subject	Page
	Mr. Ewing to Mr. Lansing (telegram).	1917 Aug. 24	Same subject. Movement in favor of Central American Union result of note from Costa Rica proposing the revision of Treaty of Washington 1907. Gives motives believed to be actuating Costa Rica and Honduras.	38
162	Mr. Johnson to Mr. Lansing.	---do---	Same subject. Incloses copies of notes exchanged between Costa Rica and Honduras dealing with the proposed extension of the Washington Treaty of 1907 and the movement for a Central American Union.	39
	Mr. Ewing to Mr. Lansing (telegram).	Aug. 27	Same subject. Costa Rica's and Salvador's acceptance Honduran plan to broaden scope of convention to include the consideration and formation of a Central American Union received here with enthusiasm. Probable reasons for the proposal and acceptance.	42
	Mr. Long to Mr. Lansing (telegram).	---do---	Same subject. Attitude of Salvador towards the proposed Central American Union.	42
	Mr. Zaldivar to Mr. Lansing.	Aug. 31	Same subject. Asks whether the American Government will accept the invitation to be represented at the proposed Central American conference.	43
22	Mr. Lansing to Mr. Zaldivar.	Sept. 5	Same subject. Gives reasons why this Government can not be represented at the proposed Central American conference at this time.	43
431	Mr. Lansing to Mr. Fletcher (telegram).	Sept. 6	Same subject. Ascertain whether Mexican Government has been asked to be represented at proposed Central American conference, and, if so, what Mexico's attitude will be.	44
23	Mr. Lansing to Mr. Zaldivar.	Sept. 8	Same subject. Salvadoran Legation's note of Aug. 31. Refers to answer given in Department's note of the 5th instant.	44
433	Mr. Fletcher to Mr. Lansing (letter).	Sept. 14	Same subject. Mexican Government has been asked to be represented at conference, and decided to accept the invitation.	44
	Mr. Leavell to Mr. Lansing (telegram).	Sept. 22	Same subject. According to President Cabrera the proposed conference will not be called together at present.	44
	Same to same (telegram).	Dec. 11	Same subject. President Cabrera says that Costa Rica and Nicaragua can not participate in the preliminary conference to be held here and that the conference will not take place therefore.	45

CHINA

No.	From and to whom	Date	Subject	Page
1186	Mr. Reinsch to Mr. Lansing.	1916 Sept. 4	Demands of Japan upon China. Gives account of collision between the troops and states demands of Japan resulting therefrom.	241
	Same to same (telegram).	Sept. 5	Same subject. Indicates some of the demands made by Japan resulting from the collision of the troops.	243
	Mr. Lansing to Mr. Guthrie (telegram).	Sept. 6	Same subject. Quotes newspaper reports and instructs to bring the matter to the attention of the Foreign Office.	244
	Mr. Guthrie to Mr. Lansing (telegram).	Sept. 11	Same subject. Reports interview with the Minister for Foreign Affairs, giving the Japanese version of the affair. The Minister for Foreign Affairs stated Japan did not recognize the right of the United States to interfere in the matter.	244
	Mr. Lansing to Mr. Guthrie (telegram).	Sept. 13	Same subject. The presence of Japanese troops in Mongolia and the extension of police jurisdiction of Japan affects the <i>status quo</i> as described in the Root-Takahira notes and justifies the two Governments to communicate with each other as agreed to.	245
616	Mr. Guthrie to Mr. Lansing.	Sept. 18	Same subject. Quotes demands made by Japan which were given to him by the Chinese Minister at Tokyo.	246
1215	Mr. Reinsch to Mr. Lansing.	Sept. 29	Taxation of foreigners in China. Transmits copy of despatch from Consulate General at Hankow regard to the so-called "99 Mercantile Tax". Gives substance of instruction to Hankow. Asks Department's approval.	232
1222	Same to same-----	Oct. 12	Application of the most favored nation clause to concessions obtained by Japan in Manchuria and Mongolia. Asks to be advised whether the Legation is justified in maintaining that rights granted to Japan accrue to the benefit of American citizens by virtue of the most favored nation clause.	285
1228	-----do-----	Oct. 14	Demands of Japan upon China. The Chinese Government seems to be willing to grant the demands made upon it by Japan, but is negotiating for more exact definitions.	247

CHINA—Continued

No.	From and to whom	Date	Subject	Page
		1916		
	Same to same (telegram).	Oct. 18	Discrimination against American exporters in China. Chinese Government maintains that flour is included within treaty stipulation forbidding export of grain. Situation disadvantageous to American interests is thus created. Requests to be instructed.	275
	Mr. Polk to Mr. Reinsch (telegram).	Oct. 21	Same subject. Legation's Oct. 18, 7 p. m. Enumerates certain conditions which the Minister is to propose to China in case a definite stand is taken that flour is included within the treaty stipulation forbidding export of grain.	275
1251	Mr. Reinsch to Mr. Lansing.	Oct. 31	Taxation of foreigners in China. Incloses copies of despatches from the Consul at Changsha, in regard to the collection of <i>likin</i> dues on foreign goods entering the city of Changsha. Also copy of Legation's instruction. Requests such specific instructions as the Department may see fit to give upon consideration of this particular case.	233
1263	Same to same-----	Nov. 13	Same subject. Incloses despatch from Hankow reporting that Kiukiang branch of Standard Oil Co. has reverted to method of shipping its imports into province under the protection of transit-passes rather than under the <i>pao-shang-piao</i> system. Also copy of Legation's reply.	236
529	Mr. Lansing to Mr. Reinsch.	Nov. 25	Same subject. Legation's No. 1215. Department can not fully approve Legation's instructions of Aug., 1916, on subject of "99 Mercantile Tax". Suggests to instruct Hankow that Legation is prepared to protest, in reliance upon said interpretation placed upon <i>pao-shang-piao</i> tax by Governor of Kiangsi.	238
532	Same to same-----	Dec. 6	Same subject. Legation's 1251, Oct. 31, 1916. Department approves action of Consul Johnson and Legation's instruction to him. Bring matter to the attention of the Foreign Office in case Consul Johnson should not succeed with local authorities.	238
	Mr. Reinsch to Mr. Lansing (telegram).	Dec. 29	Railway concessions. Inquires whether American International Corporation communicated to the Department the outcome of <i>pourparlers</i> with Russian interests. Has requested Foreign Office to take no action prejudicial to American interests pending receipt of further information.	160

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Jan. 2	Huai River and Grand Canal conservancy project. Legation's Dec. 29. Quotes telegram from American International Corporation to Carey Gregory favoring Japanese cooperation in canal project. Explains that great damage would result to American interests should the Chinese learn of the proposed Japanese cooperation.	207
	Mr. Lansing to Mr. Reinsch (telegram).	Jan. 3	Railways. Your Dec. 29, 7 p. m. Department has not been informed of result of <i>pour-parlers</i> . Your action approved.	160
1328	Mr. Reinsch to Mr. Lansing.	---do---	Same subject. Incloses copy of note to Foreign Office requesting information as to attitude of Government in regard to the "Pin-Hei" contract with respect to rights granted American group under preliminary agreement of Oct. 6, 1909, concerning Chinchou-Aigun railway. Reasons for note.	160
1331	Same to same-----	---do---	Same subject. Incloses copy of agreement for the construction of a railway from Ssupingkai to Chengchiatun, concluded Dec. 27, 1915, between Chinese Government and Yokohama Specie Bank. Copy of note to Foreign Office requesting information concerning such contract. Reasons for.	161
1330	-----do-----	---do---	Taxation of foreigners in China. Incloses translation of a note received from the Foreign Office on the matter of extension of operation of the stamp tax. Makes inquiry with reference to certain statements contained in the Chinese note.	239
	Mr. Lansing to Mr. Reinsch (telegram).	Jan. 4	Huai River and Grand Canal conservancy project. Legation's Dec. 29 and Jan. 2. Corporation declares it has no desire to displease China. Straight to confer with Department.	207
	Same to same (telegram).	Jan. 8	Same subject. Straight states that corporation not committed to cooperation with Japan in canal project but impossible to finance scheme while Japan protests. Department expressed desire that the project remain solely American. Cooperation in some other enterprise would be welcomed.	207

CHINA—Continued

No.	From and to whom	Date	Subject	Page
1337	Mr. Reinsch to Mr. Lansing.	1917 Jan. 10	Financial affairs. Major portion of future American loans to be used for the establishment of an industrial bank. Discusses organization of such bank, its scope and the character of security to be given for loans required to establish it.	114
	Same to same (telegram).	Jan. 11	Huai River and Grand Canal conservancy project. Department's Jan. 8. Corporation has instructed its representative here to secure Chinese approval of Japanese participation in canal project.	208
	-----do-----	Jan. 12	Railways. Department's Jan. 8. Have suggested to Japanese Minister possibility of cooperation between American and Japanese interests in the construction of railways in Manchuria. Recalled the existence of American rights in that regard.	170
	-----do-----	Jan. 13	Financial affairs. President and Minister of Finance have a desire to create a strong industrial bank, devoting to it greater part of proceeds of Chicago loan now being negotiated. Such a project offers means of assisting economic development of China along sound lines.	115
	Mr. Lansing to Mr. Reinsch (telegram).	-----do-----	Huai River and Grand Canal conservancy project. Legation's Jan. 11. Canal cooperation is matter between bankers and not between Governments of United States and Japan. Question should be left entirely to China. Legation should express no opinion for or against.	208
	Mr. Reinsch to Mr. Lansing (telegram).	Jan. 15	Financial affairs. Reports manifestations of an attempt covertly to abridge American opportunities and to make American action dependent on Japan.	116
	Same to same (telegram).	Jan. 16	Discrimination against American exporters in China. Department's Oct. 21. Chinese Government takes the position that the exportation of million bags of flour is an exception, being for the relief of Chinese residents abroad. Asks views of Department as to advisability of certain action to be taken.	276

CHINA—Continued

No.	From and to whom	Date	Subject	Page
1348	Same to same-----	1917 Jan. 16	Same subject. Transmits copies of correspondence concerning the exportation of flour by certain Chinese merchants in exception to the treaty stipulations. Discontinuance of practice can not be had without pressure being brought to bear on Government.	276
	Mr. Guthrie to Mr. Lansing (telegram).	Jan. 18	Huai River and Grand Canal conservancy project. Chinese Minister said that joint participation in loans by Japanese and American financiers might be favorably considered because in that way China could have more assurance that political advantages would not be sought through them.	208
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. Legation's January 11. Chinese authorities unwilling to entertain proposal. Corporation hopes that Chinese authorities will agree to issue of part of bonds at Tokyo.	209
	Mr. Lansing to Mr. Reinsch (telegram).	Jan. 19	Discrimination against American exporters in China. Based on stand Chinese Government, that exportation grain products forbidden by treaty; take position outlined in Legation's January 16.	283
558	Same to same-----	---do---	Application of the most favored nation clause. The United States is justified in maintaining that rights granted to Japan in Manchuria accrue to the benefit of American citizens by virtue of the most favored nation clause.	287
	Mr. Reinsch to Mr. Lansing (telegram).	Jan. 22	Railways. Reply of Japanese Minister to suggestion of possible cooperation between Japanese and American capitalists in construction of railways in Manchuria.	170
	Mr. Lansing to Mr. Guthrie (telegram).	---do---	Huai River and Grand Canal conservancy project. Embassy's Jan. 18, Japanese Government is pressing American International Corporation for an interest in the contract for the improvement of Grand Canal in China. China unwilling but corporation hopes to obtain consent to issue part of bonds at Tokyo with Americans retaining entire management.	209

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Reinsch to Mr. Lansing (telegram).	1917 Jan. 23	Financial affairs. A rumor is being circulated to the effect that Chicago loan contract provides for such an option as would exclude all other American interests from making loans to China. Requests information which would enable him to make denial or explanation.	116
	Mr. Lansing to Mr. Guthrie (telegram).	---do---	Same subject. Quotes telegram of Jan. 15, from Minister Reinsch.	116
	Same to same (telegram).	---do---	Railways. Japanese Minister at Peking favors general cooperation of American and Japanese interests in construction of railways in Manchuria but owing to Japan's special position in Manchuria defers until later further consideration of proposal.	170
	Department memorandum.	Jan. 25	Financial affairs. Memorandum of a conversation had with the Japanese Ambassador concerning cooperation between Americans and Japanese in China.	117
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Same subject. Your Jan. 23. Chicago contract grants option on additional loan up to \$25,000,000, but option limited to 60 days from date of application for such additional loan.	118
	Mr. Guthrie to Mr. Lansing (telegram).	Jan. 27	Same subject. Japanese Minister for Foreign Affairs privately expressed the desire to promote cooperation between American and Japanese financial and business interests in loan for the industrial development of China.	118
	Mr. Lansing to Mr. Guthrie (telegram).	..do..	Railways. In reply to inquiry Japanese Ambassador informed that American Government had no objection to cooperation between American and Japanese interests but could not approve coercion of China. America recognizes Japanese special interests in Manchuria but not in Shantung.	171
	Mr. Guthrie to Mr. Lansing (telegram).	Jan. 28	Financial affairs. This morning's <i>Times</i> contains interview with Baron Shibusawa following lines of Motono's suggestion to me and advocating cooperation between Japan and American interests in China.	119
	Mr. Sato to Mr. Lansing.	Jan. 29	Same subject. Extract from an address of Viscount Motono dealing with American relations and Japan's interests in China.	119

CHINA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
1368	Mr. Reinsch to Mr. Lansing.	Jan. 30	Railways. Transmits copy of the answer of the Japanese Minister to the request made for information concerning agreement for the construction of a railway from Ssuping kai to Chengchia-tun, concluded Dec. 27, 1915, between Chinese Government and Yokohama Specie Bank. Copy of note in reply.	171
	Mr. Lansing to Mr. Guthrie (telegram).	Jan. 31	Financial affairs. Department's Jan. 27, substantially answered your telegrams of Jan. 27 and Jan. 28. Department noted with pleasure the friendly sentiments towards America expressed by the Minister for Foreign Affairs in his speech to the Diet. Department approves your statement of this Government's attitude towards participation by American financiers in loans by consortium.	121
1370	Mr. Reinsch to Mr. Lansing.	---do---	Railways. Minister of Communications has assigned an additional alignment of railway to the Siems-Carey Co., under its contract of May 17, 1916. Outlines route.	173
1367	Same to same-----	---do---	Demands of Japan upon China. Incloses papers relating to the adjustment of the Chengchiatun affair.	247
	Same to same (telegram).	Feb. 1	Railways. An additional line from Chowkia Kow to Siang Yang has been assigned Siems-Carey Co. under its contract.	174
	---do-----	Feb. 2	Huai River and Grand Canal conservancy project. Japanese newspapers publish report from New York that Americans have no objection to making canal work a joint enterprise but that Chinese object. Chinese papers consider that Americans are guilty of a breach of trust. Corporation should immediately publish true facts.	209
	Mr. Guthrie to Mr. Lansing (telegram).	Feb. 3	Financial affairs. Contents of your Jan. 31, communicated to Minister for Foreign Affairs. He again expressed his determination to promote cooperation in business loans in China and said that he had heard of no protests made to China against negotiations with American interests.	122
	Mr. Lansing to Mr. Reinsch (telegram).	Feb. 5	Same subject. Japanese Minister for Foreign Affairs on Feb. 3 stated to Guthrie that he had heard of no protests made to China against negotiations for American loan.	122

CHINA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	The American International Corporation to its representative at Peking (telegram).	Feb. 5	Huai River and Grand Canal conservancy project. Gives the true facts concerning the proposed Japanese participation in the canal improvements. Directs that they be published.	210
	Mr. Lansing to Mr. Reinsch (telegram).	Feb. 9	Same subject. Legation's Feb. 2. See International Corporation's telegram of Feb. 5 to their Peking representative.	210
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Financial affairs. Department's Feb. 5. Upon renewed inquiry I find that the action of Japanese Minister and banker was as reported in my Jan. 15.	122
1382	Same to same-----	Feb. 12	Railways. Transmits a note from the Foreign Office advising of the designation of a line from Chou Chia K'ou to Hsiang Yang for construction under terms of the Siemens-Cary Co.'s contract.	174
567	Mr. Lansing to Mr. Reinsch.	Feb. 13	Same subject. Acknowledges receipt of despatch No. 1328 of Jan. 3, 1917. Approves note sent to Foreign Office in reply.	175
568	Same to same-----	---do---	Same subject. Acknowledges receipt of despatch No. 1331 of Jan. 3, 1917. Approves of notes sent to Foreign Office on Oct. 13, 1916 and Jan. 3, 1917.	175
1383	Mr. Reinsch to Mr. Lansing.	---do---	Financial affairs. Transmits copies of report submitted to the Cabinet by the managing director of the Bank of Communications, advising of the conclusion of Japanese loan.	122
1386	Same to same-----	---do---	Huai River and Grand Canal conservancy project. Attitude of Chinese press towards Japanese participation in the Grand Canal contract. Action of International Corporation has had injurious effect upon standing of American business men.	210
1387	---do-----	---do---	Discrimination against American exporters in China. Department's Jan. 19. Incloses copy of note sent to Foreign Office concerning the discrimination against American interests in matter of flour export.	283
569	Mr. Lansing to Mr. Reinsch.	Feb. 14	Taxation of foreigners in China. Legation's No. 1330 of Jan. 3. Reference in the note of Dec. 26, 1916, from the Minister of Foreign Affairs, relates to Department's instruction No. 90 of May 4, 1914, to the Legation.	240
	Mr. Reinsch to Mr. Lansing (telegram).	Feb. 15	Financial affairs. Chinese Government is anxious to have Chicago loan negotiations completed. Requests information concerning prospects of the loan.	124

CHINA—Continued

No.	From and to whom	Date	Subject	Page
1394	Same to same-----	1917 Feb. 17	Railways. Incloses copy of personal note from the Japanese Chargé together with copy of Chinese text of note from the Wai Chiao Pu to the Japanese Legation embodying a "General provisional railway loan agreement" relating to Manchuria.	176
1396	-----do-----	-----do-----	Regulations for the suppression of the liquor traffic in Northern Manchuria. Incloses copy of note from the Foreign Office asking that the regulations be made applicable to American citizens.	288
	Mr. Lansing to Mr. Reinsch (telegram).	Feb. 21	Financial affairs. Your Feb. 15. Bankers insist on four months extension of option and state impossible now to make advance. Urge extension of option and telegraph result.	124
574	Same to same-----	Feb. 23	Discrimination against American exporters in China. Acknowledges Legation's No. 1348 of Jan. 10. Department's Jan. 19, authorized Legation to proceed in manner suggested in Legation's Jan. 16.	284
	Mr. Reinsch to Mr. Lansing (telegram).	Feb. 26	Financial affairs. Department's Feb. 21. With regard to Chicago loan Minister of Finance, though unwilling to extend exclusive option, is ready to continue negotiations for a reasonable time to allow representatives of bank to inform themselves.	125
	Mr. Lansing to Mr. Reinsch (telegram).	Mar. 3	Same subject. Your Feb. 26. John Jay Abbott with one other bank official will sail for China, Mar. 15, with full powers to conduct negotiations.	125
1408	Mr. Reinsch to Mr. Lansing.	Mar. 6	Railways. Requests more specific instructions in connection with Department's Jan. 27, particularly with respect to the statement "the Department recognizes that Japan has special interests in Manchuria". Gives his understanding of the matter.	182
	American Group to Mr. Lansing.	Mar. 8	Financial affairs. Incloses copy of cable from London in which American group is invited to re-enter the Chinese loan negotiations. Gives reasons which prompt American group to favorably consider the matter.	126

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No.	From and to whom	Date	Subject	Page
	Continental and Commercial Trust & Savings Bank to Mr. Lansing (telegram).	1917 Mar. 14	Same subject. Requests an extension of time until June 15 in which to send representatives to China to make full investigation and conduct negotiations. Asks that Department take question up with American Minister to China.	128
	Mr. Lansing to Mr. Reynold.	Mar. 15	Same subject. Chinese Minister has informed Department that he telegraphed Mr. Abbott that extension had been granted.	128
	Mr. Reinsch to Mr. Lansing (telegram).	Mar. 26	Political affairs. General dissatisfaction prevails. Reasons for. Probability of renewed revolution.	46
	Same to same (telegram).	Apr. 3	Railways. According to French Minister the Chinese Government, Sept. 26, 1914, assured him that French capitalists would be given preference in any future railway or mining enterprises in the Province of Kwangsi. Is such a secret note to operate to defeat contractual rights obtained in due form?	183
	Mr. Wheeler to Mr. Lansing.	Apr. 4	Demands of Japan upon China. Incloses translation of the notes exchanged between Japan and China with regard to the Cheng-chiatung affair.	254
	Mr. Lansing to Mr. Reinsch (telegram).	Apr. 5	Financial affairs. Reported here that Japanese Government has inquired of China concerning Chicago loan and is not satisfied with reply. Telegraph facts.	129
	Mr. Lansing to the American Group.	---do---	Same subject. Matter of your letter of Mar. 8 is having careful consideration.	129
	Mr. Stone to Mr. Lansing.	---do---	Huai River and Grand Canal conservancy project. Chinese authorities and American Minister have been apparently misinformed concerning arrangement made between American International Corporation and the Industrial Bank of Japan. Explains the arrangement and requests Department to bring matter to the attention of the American Minister.	211
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Discrimination against American exporters in China. Revenue Council has issued instructions permitting foreign and Chinese merchants to export flour on payment of 40 cents Mexican per bag.	284

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No.	From and to whom	Date	Subject	Page
1442	Same to same-----	1917 Apr. 6	Same subject. Incloses copy of letter from Inspector General of Customs to Chinese Secretary of Legation setting forth terms on which export of flour may be made by Chinese or foreign merchants.	284
	Mr. Lansing to Mr. Reinsch (telegram).	Apr. 7	Railways. Legation's April 3. Authorizes to take position as stated.	184
	Mr. Reinsch to Mr. Lansing (telegram).	Apr. 10	Financial affairs. Department's April 5. Japanese inquired of Dr. Koo as to the nature of Abbott's visit to China. Was told that it was for purposes of information.	129
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Huai River and Grand Canal conservancy project. Legation's Mar. 31. International corporation's explanation of the arrangement with the Industrial Bank of Japan. Department recognizes no special rights of Germany or Japan in Shantung but fears that Japanese opposition might prevent flotation of the required loan.	214
	Mr. Reinsch to Mr. Lansing (telegram).	Apr. 13	Railways. States time inopportune to take up Kwangsi question as proposed in Legation's Apr. 3. Suggests Department take up with the Entente Powers the question of renewal of the declaration of adherence to the principle of equality of opportunity.	184
1451	Same to same-----	Apr. 14	Same subject. Legation's Apr. 13. Incloses translation of letter from French Minister and reply thereto, in regard to French claim of priority in matter of railway and mining enterprises in Province of Kwangsi. Also translation of note of Sept. 26, 1914, from the Wai Chiao Pu to the French Legation.	185
1455	-----do-----	---do---	Huai River and Grand Canal conservancy project. Reports further on the unfavorable impression created by the action of the International Corporation in the matter of the Canal contract.	215
601	Mr. Lansing to Mr. Reinsch.	---do---	Regulations for the suppression of the liquor traffic in Northern Manchuria. The American Government accepts the regulations as applicable to American citizens.	291

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No.	From and to whom	Date	Subject	Page
		1917		
600	Same to same-----	Apr. 16	Railways. Legation's No. 1408 of Mar. 6, 1917. "Special interests" of Japan, in view of the Department, are understood as confined to those specific rights and privileges which were obtained by the Japanese Government from China and from Russia by way of international agreement.	187
1458	Mr. Reinsch to Mr. Lansing.	Apr. 19	Huai River and Grand Canal conservancy project. Opinion of American Minister sought by Chinese officials concerning advisability of Japanese participation in canal enterprise. Minister's reply. Reasons for position taken.	215
24	Mr. Baker to Mr. Lansing.	---do---	Demands of Japan upon China. Japanese have withdrawn their troops which were stationed between Ssuningkai and Cheng-chiatun. Every article of the agreement has finally been complied with and the incident is now closed.	258
	Mr. Jusserand to Mr. Lansing.	Apr. 21	Railways. Informs that any concession to the American group to construct railways across Kwangsi would be in contravention of a formal agreement made by the Chinese Government with France on Sept. 26, 1914.	187
1843	Mr. Lansing to Mr. Jusserand.	May 1	Same subject. Answer to the French Embassy's note of Apr. 21.	188
	Mr. Reinsch to Mr. Lansing (telegram).	May 11	Political affairs. President resists move of Prime Minister to dissolve Parliament. Hired mob assailed halls of Parliament. Suggested a declaration of renewed assurance of Chinese integrity and abstention from seeking territorial and preferential rights to the French, British, and Japanese representatives. Seeks Department's approval of action taken.	46
1492	Same to same-----	---do---	Huai River and Grand Canal conservancy project. Forwards translation of despatch from National Conservancy Bureau to the Governor of Anhui in connection with Huai River conservancy work. Anhui Assembly has passed resolutions to effect that provinces of Kiangsu and Anhui should separately carry out conservancy work, and that no foreign loans should be contracted.	216

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No.	From and to whom	Date	Subject	Page
612	Mr. Lansing to Mr. Reinsch (telegram).	1917 May 14	Political affairs. Your May 11. Your action approved.	47
	Same to same-----	May 18	Railways. Acknowledges receipt of No. 1451 of Apr. 14. Approves action taken.	189
	Mr. Reinsch to Mr. Lansing (telegram).	May 23	Political affairs. All but one Minister resigned last week. President issued mandate relieving Prime Minister, appointing Wu Ting Fang acting Premier. After selection of new Cabinet decision in favor of war is likely.	47
	Mr. Jusserand to Mr. Lansing.	May 27	Railways. Department's May 1. The pledge given to France by the Chinese Government is but the confirmation of the provisions of Art. V of the Convention of June 20, 1895. Believes agreement in no way conflicts with the "open door" policy.	189
	The American Group to Mr. Lansing.	May 29	Financial affairs. Would appreciate any expression of opinion concerning proposal for a supplementary reorganization loan.	129
	Mr. Reinsch to Mr. Lansing (telegram).	May 30	Political affairs. Certain military governors threaten to sever relations with Central Government unless Parliament is dissolved. Governor Changshun will send a delegate to Peking to mediate.	47
	Mr. Wheeler to Mr. Lansing (telegram).	June 1	Same subject. A number of newspapers editorially charge the American Government with being behind the retirement of General Tuan.	48
	Mr. Reinsch to Mr. Lansing.	June 2	Same subject. Entire northern military party united against President and threatens coercion.	48
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Financial affairs. Telegraph briefly status of loan negotiations between Abbott and Chinese Government.	130
	Mr. Reinsch to Mr. Lansing (telegram).	June 4	Same subject. Department's June 2. Gives results of Abbott's negotiations with the Chinese Government.	130
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Political affairs. The American Government is deeply interested in the maintenance by China of one central Government and expresses the hope that China in her own interest will immediately set aside her factional political disputes.	48

CHINA—Continued

No.	From and to whom	Date	Subject	Page
2313	Mr. Lansing to Mr. Sharp (telegram).	1917 ---do---	Same subject. Proposes that an identic representation be made by the Governments of the United States, France, Great Britain, and Japan to the Chinese Government, expressing regret for the factional discord that has arisen and that the maintenance by China of one united, responsible government is of the first importance to China and the world. (Same to London and Tokyo.)	49
	Mr. Lansing to Mr. Wheeler (telegram).	June 5	Same subject. Your June 1. Department gave to correspondent of <i>Nichi Nichi</i> a statement denying all charges which you quote from that and other papers.	49
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. Transmits a message for the Foreign Office to be delivered to the Chinese Minister at Washington, which informs of a revolution started by some generals for selfish aims and instructs to request President Wilson to make a public statement supporting President.	50
	Mr. Page to Mr. Lansing (telegram).	---do---	Same subject. Department's June 4. Final answer promised after conference. China's entry into war considered of very great importance. Reasons.	50
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. The Minister for Foreign Affairs asks that President make a public statement earnestly supporting President Li Yuan Hung as constitutional chief to whom all western nations look for safety of their interests in China.	50
1525	Same to same-----	---do---	Same subject. Incloses a copy of a declaration of the President's policy issued May 31. Describes the activities of the military governors and the inaction of the President.	51
1521	Same to same-----	---do---	Financial affairs. Incloses a duplicate original of an agreement between the Government of China and Mr. Abbott. Also a copy of a memorandum of the representation made in connection with the demand of the Contiental and Commercial Bank that the matter of security for its loan be straightened out.	130

CHINA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Lansing to the American Group.	June 6	Same subject. Your letters of Mar. 8 and May 29. It is impossible because of political conditions in China to make a definite statement outlining a policy in connection with the matter of the reorganization loan.	131
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Political affairs. Provisional Government set up by military governors is distrusted by the people in general because of its reactionary tendencies. Military clique have used China's participation in the war as a pawn in Chinese domestic politics.	54
64	Mr. Heintzleman to Mr. Lansing.	---do---	Same subject. Incloses a copy of despatch No. 23 sent to the Legation, which gives the attitude of the Cantonese on the war policy and the movement in the North against the Central Government.	56
4946	Mr. Lansing to Mr. Page (telegram).	June 7	Same subject. American Government appreciates importance of China's entrance into the war but believes that this should not take place at the expense of the existence of the Republic.	57
	Mr. Lansing to Mr. Reinsch (telegram).	June 8	Same subject. Department's June 4. By the use of the words "with the form of Government" Department had in mind the present strife in China over organization and relation of various branches of government and not the difference between a republic and a monarchy.	57
	Mr. Wheeler to Mr. Lansing (telegram).	---do---	Same subject. Department's June 4. Vice Minister of Foreign Affairs expressed surprise that the American Minister had communicated with the Chinese Government in the sense of the proposed identic representation before Japanese Government had replied to our proposal.	58
	Same to same (telegram).	June 9	Same subject. Press to-day shows general irritation at the communication made by Reinsch to China which is viewed as interference in the latter's internal politics.	58
	Mr. Lansing to Mr. Sharp (telegram).	---do---	Same subject. Department's June 4. The Department hopes for cooperation of French Government as proposed. Reasons why identic representations by the United States, France, Great Britain, and Japan urging the need of an amicable adjustment of difficulties is deemed expedient. (Same telegram to the American Embassies at London and Tokyo.)	58

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Wheeler (telegram).	1917 June 9	Same subject. Your June 8. Action of the American Minister at Peking was taken before the proposal for identic notes by the Powers and is not considered here as anticipating or preventing such cooperation.	59
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. General situation is favorable to compromise. War question has given way to purely factional and personal rivalries. General Changhsun demands immediate dissolution of Parliament. Presence of his notorious troops at Peking threatens disturbances.	59
	Same to same (telegram).	June 11	Same subject. Japanese Minister gives insight into Japanese policy in China. Japanese press regards the American note as an intervention in Chinese affairs.	60
	Mr. Wheeler to Mr. Lansing (telegram).	---do---	Same subject. Department's June 9. Japanese Government misunderstood the intention of American Government in the matter. Gives alleged text appearing in <i>Asahi</i> of the American note to China. Wishes authority to issue formal and complete denials.	60
	Mr. Lansing to Mr. Wheeler (telegram).	June 12	Same subject. Your June 11. Alleged American note published by the <i>Asahi</i> is <i>in toto</i> a false representation. Make denials.	61
	Mr. Wheeler to Mr. Lansing (telegram).	---do---	Same subject. Discussion editorially of the alleged note by newspapers.	61
	Mr. Reinsch to Mr. Lansing (telegram).	..do ..	Same subject. Propaganda of Japanese newspapers in China against the United States.	62
633	Mr. Lansing to Mr. Reinsch.	---do---	Huai River and Grand Canal conservancy project. Acknowledges receipt of despatch No. 1458 of April 19. Approves action taken.	218
	Same to same (telegram).	June 13	Political affairs. Your June 12. Department has authorized denials of certain false statements appearing in Japanese newspapers. Department assumes you have taken similar steps.	62
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. President prevailed upon to dissolve Parliament.	63
	Mr. Wheeler to Mr. Lansing (telegram).	---do---	Same subject. Complete text of the note to China published here to-day for first time. Comment shows decided betterment of feeling. Foreign Office working to this end.	63

CHINA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram).	June 14	Same subject. All papers to-day publish complete denial officially given out by Foreign Office of <i>Asahi</i> text. Newspapers believed to have been cautioned to refrain from further comment on the American note.	63
1533	Mr. Reinsch to Mr. Lansing.	---do---	Same subject. Gives <i>résumé</i> of the political situation from May 14 to June 14.	63
773	Mr. Wheeler to Mr. Lansing.	---do---	Same subject. Gives the reasons which prompted the unanimous outburst of criticism of the American note to China. Believes no further agitation will be permitted.	68
	Mr. Sato to Mr. Lansing.	---do---	Lansing-Ishii Notes. Advises the Department of coming of Ishii Mission.	258
	Same to same-----	June 15	Claim of Japan to special and close relations with China. Memorandum of an oral communication on this subject. Requests that the United States confirm the statement of the Secretary of State of Mar. 13, 1915.	259
6470	Mr. Page to Mr. Lansing (telegram).	---do---	Political affairs. Gives extract of memorandum from the British Foreign Office concerning the proposed identic note to China.	71
	Mr. Sato to Mr. Lansing.	---do---	Same subject. Japanese Government deems the moment as inopportune for sending the proposed identic note to China.	71
	Mr. Wheeler to Mr. Lansing (telegram).	June 17	Same subject. In reply to interpellation from the Budget Committee of Peers and Representatives, Minister for Foreign Affairs said that Japan and Britain were not of a mind with the United States as to the proposed identic note to China and that there was reason to believe that France would concur in their views.	72
	Mr. Sharp to Mr. Lansing (telegram).	---do---	Same subject. Gives translation of a note received from the Foreign Office in reply to Department's note concerning the proposed identic note to China.	73
	Mr. Wheeler to Mr. Lansing (telegram).	June 18	Same subject. The Japanese Ambassador at Washington reports that the Secretary of State expressed himself as quite in accord with the deep sense of the Japanese memorandum of June 15, 1917.	73
	Same to same (telegram).	---do---	Claim of Japan to special and close relations with China. Has received copy of memorandum handed to Department by Ambassador Sato on the 15th.	259

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Wheeler (telegram).	1917 June 19	Political Affairs. Japan and Britain decline to send proposed identic note. France has not replied. Japanese Government requests the American Government to confirm Mr. Bryan's statement that American activity in China was never political and wishes his assurance of a friendly attitude towards Japan in respect to Chinese problems repeated. Department will inform you of its reply. (Same telegram to the American Minister at Peking.)	73
6426	Mr. Page to Mr. Lansing.	---do---	Same subject. Incloses reply of the British Government to the Department's proposal of an identic note to China. Proposal not accepted.	74
5456	Mr. Sharp to Mr. Lansing.	June 20	Same subject. Incloses a copy of a note from the French Foreign Office in answer to the Department's proposal of an identic note to China.	75
	Mr. Reinsch to Mr. Lansing (telegram).	June 22	Same subject. Certain military governors have canceled declaration of independence of their provinces. New Cabinet not yet formed.	76
32	Mr. Lansing to Mr. Sato.	---do---	Lansing-Ishii Notes. Acknowledges receipt of his note of the 14th instant.	260
	Same to same (telegram).	June 23	Political affairs. Reports indicate that the American note has been effective in putting before the several parties and sections the necessity of national unity predisposing them to make a compromise.	77
	---do---	June 25	Same subject. Department's June 19. Points out that Mr. Bryan could never have admitted the implications that follow from the claim of the Japanese Government to special political and economic interest in China.	77
	---do---	June 26	Huai River and Grand Canal conservancy project. Question has arisen whether or not final signature, by authority of the President and Cabinet, of the Grand Canal agreement on the basis of preliminary contract of April 1916 but with important changes would be considered valid in the absence of parliamentary ratification. Asks views of Department.	219

CHINA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram).	June 27	Political affairs. Legation's June 25. Suggests that, as Department's note carries the assurance that American influence is to be used in a friendly manner and not obstructive to Japanese interests, similar reciprocal frank treatment of American interests in China seems called for from Japan.	78
	Mr. Lansing to Mr. Wheeler (telegram).	June 29	Same subject. In reply to the message received from Viscount Motono, you are instructed to say that the Secretary of State shares his ardent desire for the establishment of a strong tie of mutual confidence between the two countries.	78
	Mr. Reinsch to Mr. Lansing (telegram).	July 1	Same subject. Moves made to restore the monarchy.	79
	Mr. Sammons to Mr. Lansing (telegram).	---do---	Same subject. Southern Chinese declare intention to resist by force reported Manchu monarchical restoration.	79
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. Constitutional monarchy set up. Cabinet appointed.	79
	Mr. Sammons to Mr. Lansing (telegram).	July 2	Same subject. Naval vessels ordered to Chinwangtao to remove President Li if necessary. Tendency in South to establish republic if monarchy restored in North.	80
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Same subject. <i>Coup d'état</i> appears personal act of Changshun. Not approved by many leaders even in North. Armed resistance is likely.	80
	Mr. Sammons to Mr. Lansing (telegram).	July 3	Same subject. Vice President Feng and all local military and naval forces here agreed to oppose monarchy.	80
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Same subject. Does situation require increased protection of Americans in ports?	80
	Mr. Lansing to Mr. Wheeler (telegram).	---do---	Same subject. Seeks views of Japanese Government concerning protection of foreign residents in China.	80
1549	Mr. Reinsch to Mr. Lansing.	---do---	Same subject. Incloses copies of various edicts issued in name of Emperor. Discusses <i>coup d'état</i> and attempted restoration of monarchy.	81
1557	Same to same	---do---	Same subject. Gives a <i>résumé</i> of the political situation from May 23 to July 3.	83
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Huai River and Grand Canal conservancy project. Department can not undertake responsibility of passing on constitutional question raised in your June 26. Interested citizens should consult private legal counsel.	219

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Ishii.	1917 July 6	Claim of Japan to special and close relations with China. Quotes a part of Mr. Bryan's declaration of 1915 with respect to Chino-Japanese relations; states policy of this Government remains unchanged, and that it can not recognize any "paramount" interest or right of any country to extend political influence over China.	260
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Political affairs. Troops of Changshun retreating. Changshun suggests mediation. City orderly but nervous. Extra guard called from Tientsin still on way.	85
	Mr. Wheeler to Mr. Lansing (telegram).	July 7	Same subject. Foreign Office believes immediate situation in China will be relieved without serious fighting. Failure of dynasty deemed imminent. Protection promised foreigners.	85
	Same to same (telegram).	---do---	Same subject. Department's July 3. Japanese Government considers reenforced legation guards capable at the present to afford ample protection. No antiforeign feature is involved.	85
	-----do-----	July 9	Same subject. Republican Government at Nanking has confirmed Feng Ku Chang and Tuan as President and Premier, respectively. Emperor and family to be banished. Changshun negotiating for guaranties of personal safety.	86
	Mr. Polk to Mr. Wheeler (telegram).	July 10	Claim of Japan to special and close relations with China. Quotes note from Japanese Ambassador in which he asks American Government for restatement of opinion with regard to Japanese interests in China in order to ease mind of Japanese public.	262
6714	Mr. Page to Mr. Lansing (telegram).	July 12	Political affairs. Foreign Office states that no danger to the Foreign Legations and residents is anticipated. All possible precautions are being taken. Question of further precautions submitted to the Admiralty and Secretary of State for War.	86
51	Mr. Koo to Mr. Lansing.	---do---	Same subject. Feng Kuo Chang takes up the duties of President.	86
	Mr. Reinsch to Mr. Lansing (telegram).	July 13	Same subject. Republican troops attack Imperialists; Americans wounded; new Cabinet formed.	87
	Mr. Sammons to Mr. Lansing (telegram).	---do---	Same subject. Seal of the President of China forwarded to Nankin for use of Vice President.	87

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Polk to Mr. Reinsch (telegram).	1917 July 14	Same subject. Report names American wounded; correct or confirm report execution of Prince Pulun.	87
	Mr. Reinsch to Mr. Lansing (telegram).	---do---	Railways. British Legation instructed to protest against construction of American railways in Hupeh and Hunan. Claim priority for British capital.	190
	Same to same (telegram).	July 17	Political affairs. Minister for Foreign Affairs communicates notification from Vice President Feng that he is acting as President.	87
	---do---	July 18	Same subject. Requests instructions as to attitude to be taken in reference to the surrender of Changshun, who has placed himself under the protection of the diplomatic body, and Kang Yu Wei who is hiding in the American Legation.	88
	Mr. Polk to Mr. Reinsch (telegram).	July 21	Same subject. Your July 18. Department desires to avoid interference with the proper administration of justice and unless assurance of asylum has been given, by the diplomatic body, as regards Chang, or by you, as regards Kang, you are instructed to deliver them upon demand.	88
	Mr. Polk to Mr. Koo.	---do---	Same subject. Acknowledges the receipt of note of the 12th in which it was announced that the Vice President had assumed the duties of President.	88
	Mr. Reinsch to Mr. Lansing (telegram).	Aug. 3	Same subject. Cabinet has decided to declare war against Germany. Reasons for policy. Instructions requested relative to participation in conferences of Allied representatives concerning any action affecting the war.	89
	Mr. Polk to Mr. Reinsch (telegram).	Aug. 4	Same subject. Instructs to be guided by policy of this Government as expressed in its note of June 4 to China. Participation in conferences of Allied Ministers concerning war matters not deemed advisable.	89
	Mr. Jusserand to Mr. Lansing.	---do---	Financial affairs. Requests the views of the American Government concerning the Japanese proposal to admit a Belgian group into the China consortium.	134
	Mr. Reinsch to Mr. Lansing (telegram).	Aug. 6	Same subject. Chinese Government is desirous that American bankers participate in future consortium loans. Reasons why United States should cooperate in the consortium.	135

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No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram).	Aug. 9	Political affairs. Chances for preservation of national unity are better. Separate provisional government, should it be formed, would also probably declare war against Germany.	90
1586	-----do-----	-----do-----	Same subject. Further details of the attempted Imperial restoration.	90
	-----do-----	-----do-----	Railways. Legation's July 14. British protest filed. Discusses British claim. Immediate completion of Hankow-Canton railway of vital importance.	190
1587	-----do-----	Aug. 10	Political affairs. Restoration movement did not receive the support of the provinces. Peking authorities seem powerless to suppress the anarchy in Ssu'-chuan.	98
663	Mr. Lansing to Mr. Reinsch.	Aug. 14	Claim of Japan to special and close relations with China. Transmits copy of Department's July 6 to Japanese Ambassador in reply to the latter's oral representations on June 15, of which he gives substance. (Same to the Embassy at Tokyo.)	263
	Same to same (telegram).	Aug. 16	Political affairs. Telegraph to what proportions opposition to Peking Government has grown.	98
	Mr. Reinsch to Mr. Lansing (telegram).	Aug. 21	Same subject. Department's Aug. 16. No other Government has been organized in the South, although attempts to assemble Parliament at Canton continue. Fighting between North and South is not considered likely.	99
	Mr. Barclay to Mr. Lansing.	-----do-----	Financial affairs. British Government views with alarm the requests of Chinese Government for several large loans. Intends to point out to the Chinese Government that Chinese financial situation ought shortly to improve. Suggests that American Government do likewise.	136
	Mr. Lansing to Mr. Reinsch (telegram).	Aug. 22	Same subject. Gives <i>résumé</i> of the memorandum of Aug. 21 from the British Chargé. Instructs to inform the Department of any action taken and to point out to the Chinese Government, if consulted, the inadvisability of incurring heavy financial obligations at present.	137

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No.	From and to whom	Date	Subject	Page
	Mr. Reinsch to Mr. Lansing (telegram).	1917 Aug. 22	Huai River and Grand Canal conservancy project. Pan Fu, who negotiated Canal agreement, has resigned and will leave office in a few days. Unless agreement is at once concluded Legation and Carey fear long negotiations with the new director may become necessary.	219
	Same to same (telegram).	---do---	Political affairs. Eighteen provinces have accepted the plan of a provisional national council of five members from each province which is to complete the constitution and parliamentary election law.	99
1592	Same to same-----	Aug. 23	Same subject. Names factors which oppose the success of the efforts to reassemble Parliament and to set up a provisional government at Canton.	99
1598	-----do-----	Aug. 24	Same subject. Reports on the reception accorded the note of June 5, deploring the internal dissension in China and urging the necessity for national unity.	100
	Mr. Lansing to Mr. Spring Rice.	---do---	Financial affairs. Your memorandum of August 21. Department shares the views of the British Government and has instructed the American Minister to say to the Chinese Government, if he should be consulted, that the American Government considers the time inopportune for the assumption of such heavy financial liabilities.	137
	Same to same-----	---do---	Railways. Gives views of American Government regarding preference claimed by British interests in matter of railroad building in the Provinces of Hupeh and Hunan.	191
1928	Mr. Lansing to Mr. Jusserand.	---do---	Same subject. Acknowledges the receipt of French Legation's note of May 27. Says provisions of Art. V of Convention of June 20, 1895 has reference only to mines. In opinion of American Government the agreement in question does conflict with the "open door" policy.	192
	Mr. Lansing to Mr. Reinsch (telegram).	Aug. 25	Huai River and Grand Canal conservancy project. Legation's Aug. 22. Corporation will instruct representative to sign if such action is not in conflict with our policy. Are Chinese acting freely in authorizing cooperation? Has your opinion as to that provision of contract changed? How long will Pan Fu remain in office? What prospect is there of assembling a new Parliament?	219

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No.	From and to whom	Date	Subject	Page
2696	Mr. Reinsch to Mr. Lansing (telegram).	1917 Aug. 28	Financial affairs. Department's Aug. 22. British Chargé has misconceived the situation. Indemnity payments have not been postponed; customs duties have not been raised to 5 per cent.	138
	Same to same (telegram).	Aug. 29	Political affairs. Acting President Feng is now favoring early election as means of conciliating South.	102
	-----do-----	Aug. 30	Huai River and Grand Canal conservancy project. Department's Aug. 25. Initiative taken by corporation in admitting Japanese under existing conditions left the Chinese no choice. They are now reconciled to Japanese financial participation. Advisable to immediately conclude the agreement subject to parliamentary ratification. Pan out of office but willing to help.	220
	Mr. Lansing to Mr. Stone.	---do---	Same subject. Forwards paraphrase of telegram sent on Aug. 25, to the American Minister at Peking in regard to the Grand Canal contract and a paraphrase of the Minister's reply of Aug. 30.	220
	Mr. Reinsch to Mr. Lansing (telegram).	Aug. 31	Railways. Submits for Department's consideration reasons why American Government should do its utmost to make possible the completion of the Canton-Hankow railway. Makes certain proposals.	194
	Mr. Spring Rice to Mr. Lansing.	Sept. 3	Political affairs. In a memorandum to the Foreign Office, Japanese Government advocates the support of the Central Government and the withholding of encouragement to its opponents. British Government has expressed its readiness to adhere to such a policy.	102
	Mr. Sato to Mr. Lansing.	Sept. 4	Same subject. Suggests that all the foreign Powers lend their support to the Peking Government.	103
	Mr. Lansing to Mr. Spring Rice.	Sept. 6	Same subject. Department has received a similar memorandum from the Japanese Ambassador and is disposed to favor in principle the proposals set forth therein. Department also suggests that principal Powers at war with Germany confer as to the best method to aid the Central Government of China.	103

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No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Lansing to Mr. Sato.	Sept. 6	Same subject. The American Government shares in principle the views expressed in the memorandum of Sept. 4. It is also of opinion that principal Powers at war with Germany ought to confer as to the best method of supporting the Central Government of China.	104
	Mr. Reinsch to Mr. Lansing (telegram).	Sept. 7	Financial affairs. Minister of Finance to begin on Monday next negotiations with representatives of Consortium for a loan for the purpose of currency reform.	138
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Railways. Legation's Aug. 31. Suggestion receiving consideration. Instructs to state specific proposal mentioned.	195
	Mr. Spring Rice to Mr. Lansing.	Sept. 8	Same subject. Department's Memorandum of Aug. 30. British Government regrets that <i>régime</i> of specific areas earmarked for enterprise of specific countries has taken place of <i>régime</i> of free railway construction, but considers it would be a mistake not to recognize such to be the case. Would welcome cooperation of British and American interests in the exploitation of certain British concessions.	195
5399	Mr. Lansing to Mr. Page (telegram).	---do---	Financial affairs. Quotes a communication which the Department is sending to British Embassy with reference to the loans sought by China. Directs to ascertain whether the British Government has found reason to modify its attitude toward the proposed loan.	138
	Mr. Spring Rice to Mr. Lansing.	Sept. 9	Same subject. Department's Sept. 8. Explains that Mr. Balfour had suggested American participation in any advances to China in case the proposed representations to the Chinese Government proved of no avail.	139
	Mr. Stone to Mr. Lansing.	Sept. 10	Huai River and Grand Canal conservancy project. Requests that attached telegrams providing for the signing of the Canal contract be sent to the American Legation at Peking for transmission to their respective destinations.	220
7150	Mr. Page to Mr. Lansing (telegram).	Sept. 11	Financial affairs. Department's Sept. 8. Foreign Office claims to know nothing of the proposed loan. Expresses tentative agreement with Department's views. Will give definite answer after communicating with Legation at Peking.	140

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No.	From and to whom	Date	Subject	Page
7201	Mr. Lansing to Mr. Reinsch (telegram).	1917 Sept. 13	Same subject. Chinese Minister on behalf of his Government has requested a loan for \$100,000,000. Matter receiving consideration.	140
	Mr. Lansing to Mr. Stone.	Sept. 14	Huai River and Grand Canal conservancy project. Acknowledges letter of Sept. 10. Cables have been sent. Department always anxious to assist Americans in their foreign enterprises provided such undertakings have no political object and involve no entanglement in the affairs of the country where investment is made.	222
	Mr. Reinsch to Mr. Lansing (telegram).	Sept. 15	Financial affairs. Department's Sept. 13. Requests no commitment be made in regard to the proposed loan until consideration has been given his report in course of preparation.	140
	Same to same (telegram).	Sept. 16	Same subject. Department's 13. Gives views on advancing money to the Chinese Government.	140
	Mr. Page to Mr. Lansing (telegram).	Sept. 19	Same subject. My 7150, Sept. 11. Matter of loan for currency reform has not gone beyond stage of informal discussion. British Government has not modified views as set forth in memorandum of Aug. 21, to the Secretary of State.	141
	Mr. Lansing to Mr. Reinsch (telegram).	Sept. 20	Same subject. Your Sept. 7. Loan to China now under consideration by the American Government is intended as a substitute for the consortium loan now under consideration in Peking.	142
	Mr. Lansing to Mr. Spring Rice.	---do---	Railways. Memorandum of Sept. 8, from the British Embassy. American Government does not admit that such a change has taken place. Suggests that British Government join with the United States in an effort to secure a more faithful observance of the "open door" policy.	197
	Mr. Reinsch to Mr. Lansing (telegram).	Sept. 24	Financial affairs. Department's Sept. 20. Independent financial assistance to China will meet the fundamental needs of the situation. Gives reasons why greatest care should be used.	142
	Mr. Lansing to Mr. Reinsch (telegram).	Sept. 25	Same subject. British Government has not modified the views communicated to you in Department's August 22.	143
1634	Mr. Reinsch to Mr. Lansing.	Sept. 27	Political affairs. Sets forth factors in the exceedingly complicated situation in South China.	104

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No.	From and to whom	Date	Subject	Page
681	Mr. Lansing to Mr. Reinsch.	1917 Sept. 27	Railways. Department's 612 of May 18. Incloses copies of correspondence between French Embassy and Department concerning construction of railways across the Province of Kuangsi.	198
683	Same to same-----	---do---	Same subject. Transmits copies of certain correspondence had with the British Government relating to the construction of railways in the Province of Hupeh.	199
1645	Mr. Reinsch to Mr. Lansing.	Sept. 28	Financial affairs. A memorandum on the financial situation.	144
	Same to same (telegram).	Oct. 1	Political affairs. Mandates issued providing for revision and enactment of laws concerning parliamentary organization and elections, early convocation of Parliament, investigation of certain members of Provisional Government and extraordinary Parliament in session at Canton.	106
357	The British Embassy to Mr. Lansing.	Oct. 3	Financial affairs. His Majesty's Government considers further efforts to persuade the Chinese Government to abandon the loan project as useless and would welcome American participation in any advancements to China.	144
	Same to same-----	Oct. 8	Same subject. Japanese have asked the British Government to instruct the British group with a view to facilitating the loan negotiations in cooperation with the other groups. British Government proposes to so instruct the British group. Asks whether American group will participate.	145
1661	Mr. Reinsch to Mr. Lansing.	Oct. 9	Same subject. Incloses copies of agreement signed Aug. 28, 1917, for an advance of Yen 10,000,000 made by the Yokohama Specie Bank to the Chinese Government.	146
1658	Same to same-----	---do---	Political affairs. Incloses copies of mandates issued on Sept. 29 and mentioned in telegram of Oct. 1.	106
	Same to same (telegram).	Oct. 10	Railways. Legation's Aug. 9. Has British Government expressed itself further concerning protest which is now delaying construction of the American railway in Hunan, Hupeh?	199
	Mr. Lansing to Mr. Reinsch (telegram).	Oct. 11	Same subject. Legation's Oct. 10. Protest against construction of railway has not been withdrawn. Gives views of British Government and the answer of the Department thereto.	199

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Reinsch to Mr. Lansing (telegram).	1917 Oct. 11	Financial affairs. Minister of Finance has proposed loan to representatives of consortium. French and British banks seek further extension of option provided for in the currency loan which expires Oct. 14. Suggests that United States urge an extension. Gives reasons.	148
	Same to same (telegram).	Oct. 12	Same subject. My Oct. 11. Currency loan option has been extended six months.	149
1664	Same to same-----	---do---	Political affairs. Election of members of the National Council is proceeding; preparations for the election of the succeeding Parliament have also begun to be made. Other matters bearing on political situation.	107
	Mr. Lansing to Mr. Reinsch (telegram).	Oct. 13	Financial affairs. Your Oct. 11. Department is basing a claim to participation in any currency loan upon the whole history of the project. So inform the Chinese Government and ask that action be deferred until this Government has time to make representations.	149
1670	Mr. Reinsch to Mr. Lansing.	---do---	Railways. Transmits copy of letter from Peking representative of the Banque de l'Indo-Chine suggesting cooperation between American and French interests with view to securing relinquishment from the British group of its interest in Szechuan section of the Hukuang railways. Comments thereon.	200
1969	Mr. Lansing to Mr. Jusserand.	Oct. 16	Financial affairs. Acknowledges Embassy's note of Aug. 4, 1917. Subject of note receiving careful consideration. Expression of opinion can not be given at this time.	150
1835	Mr. Lansing to Mr. Spring Rice.	---do---	Same subject. Acknowledges receipt of memoranda of Oct. 3 and Oct. 8. Matter receiving careful consideration. An opinion can not be expressed at this time.	150
1684	Mr. Reinsch to Mr. Lansing.	Oct. 26	Same subject. Incloses copies of an agreement for a loan of 20,000,000 yen made between the Bank of Communications and three Japanese banks, on Sept. 28, 1917.	150
	Mr. Lansing to Mr. Stone.	---do---	Huai River and Grand Canal conservancy project. Acknowledges receipt of telegram of Oct. 24. Telegram sent to American Minister at Peking as requested.	222

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Reinsch to Mr. Lansing (telegram).	1917 Oct. 27	Same subject. Department's Oct. 25. Carey wishes the following considerations brought to the attention of the corporation: Proposed advance is not a charge upon proceeds of Canal contract subject to parliamentary approval but a separate loan payable within a year; postponement of advance of funds would be disastrous to American interests.	223
1697	Same to same-----	---do---	Political affairs. Gives the gist of certain consular despatches dealing with the political situation in the disaffected provinces.	109
	Same to same (telegram).	Oct. 30	Huai River and Grand Canal conservancy project. Legation's Oct. 27. Urges Department to encourage corporation to advance the funds in their own and public interest. Reasons for such recommendation.	223
	-----do-----	Nov. 2	Financial affairs. Interest of the American Government greatly appreciated. Representatives of consortium instructed to proceed with negotiations for a second reorganization loan. Resolution adopted to invite American group to resume participation or designate some other American organization to succeed to its rights. Situation calls for early appointment of an American representative.	152
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Huai River and Grand Canal conservancy project. Canal having corporation's serious consideration. Decision will be communicated soon as possible.	224
	Exchange of notes	---do---	Lansing-Ishii notes. Text of notes exchanged.	264
	Mr. Morris to Mr. Lansing (telegram).	---do---	Same subject. Reports proposed joint note confidentially given to other Ambassadors to communicate to their Governments.	265
	Mr. Reinsch to Mr. Lansing (telegram).	Nov. 4	Same subject. States he has learned of recognition by American Government of special Japanese interest in China and asks to be informed whether he should present to Chinese Government any explanation for such action.	265
	Same to same (telegram).	Nov. 5	Same subject. Foreign Office receives copy of American note to Ishii and is making inquiry. This Legation is embarrassed by lack of information.	266

CHINA--Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Lansing to Mr. Morris (telegram).	Nov. 5	Same subject. Quotes notes to be made public here on Nov. 6, and in Japan on Nov. 7. Quotes statement to be given to press upon publication of notes.	266
	Mr. Lansing to Mr. Reinsch (telegram).	---do---	Same subject. Quotes notes exchanged Nov. 2, 1917, and instructs him say to Foreign Office that recent agreement between United States and Japan was merely reaffirmation of "open door" policy.	268
1875	Mr. Lansing to Mr. Spring Rice.	---do---	Same subject. Incloses copies of notes exchanged between Japan and the United States on Nov. 2. Informs him dates on which they are to be published. (Same to the French, Italian, and Russian Ambassadors and the Belgian Minister.)	268
	Mr. Lansing to Mr. Page (telegram).	Nov. 6	Same subject. Quotes notes exchanged between himself and Viscount Ishii; also Department's statement to press. Instructs him repeat to certain American Embassies and Legations.	269
	Mr. Lansing to Mr. Morris (telegram).	---do---	Same subject. Department is informed that the Japanese Minister at Peking handed copies of the exchanged notes to the Chinese Foreign Office on Nov. 4 and that the notes were made public on Nov. 5. Instructs to request an investigation.	269
	Mr. Lansing to Mr. Reinsch (telegram).	Nov. 9	Financial affairs. Your Nov. 2, 1917. Proposal for American participation in Consortium being favorably considered. Will keep you informed of developments.	153
	Mr. Reinsch to Mr. Lansing (telegram).	Nov. 10	Same subject. Unless an immediate advance of £2,000,000 is obtained from the Consortium, the Chinese will seek the money from other sources. Danger of Japanese obtaining control of Bank of China and Bank of Communications.	153
	Circular telegram	---do---	Lansing-Ishii Notes. Quotes note of Secretary of State to Viscount Ishii which latter confirmed verbatim; also Department's statement to press for publicity.	270
	Mr. Koo to Mr. Lansing.	Nov. 12	Same subject. States Chinese Government will not allow herself to be bound by any agreement entered into by other nations.	270

CHINA—Continued

No.	From and to whom	Date	Subject	Page
1759	Same to same-----	1917 Nov. 28	Huai River and Grand Canal conservancy project. Incloses copy of "The Chinese Government Grand Canal Improvement 7 per cent Gold Loan of 1917," a contract between the International Corporation and the Republic of China dated Nov. 20, 1917. Also copy of endorsement of contract signed by Mr. Carey for the Corporation and Mr. Ono for the Industrial Bank of Japan.	225
	Mr. Morris to Mr. Lansing (telegram).	---do---	Lansing-Ishii Notes. Quotes letter from the Foreign Office giving result of investigation concerning premature publicity of the notes exchanged.	274
1788	Mr. Reinsch to Mr. Lansing.	Dec. 7	Political affairs. Hopes for speedy compromise between Northern and Southern leaders have been shattered. Military operations against the South to be continued with all energy.	112
1803	Same to same-----	Dec. 17	Same subject. Reported that Southern military leaders are ready to resume complete allegiance to Central Government on condition that dissolved Parliament be reconvened and the provisional constitution observed until promulgation of the permanent constitution.	113
	Mr. Gest to Mr. Lansing.	---do---	Financial affairs. Requests to be advised of the attitude of the Department and that of the Treasury regarding the Lee, Higginson and Co. contract with the Chinese Government under date of Apr. 7, 1916.	157
	Mr. Lansing to Mr. Gest.	---do---	Same subject. Gives attitude of the Department and that of the Treasury Department concerning the Lee, Higginson and Co. contract with China.	158
2930	Mr. Sharp to Mr. Lansing (telegram).	Dec. 21	Same subject. Your 2838, Nov. 22. French Government shares views of American Government. Has requested French group to submit a proposition of participation in the Japanese advance of £2,000,000.	158
8038	Mr. Page to Mr. Lansing (telegram).	---do---	Same subject. Your 5876. Matter of currency loan to China has been submitted to Treasury.	159

CHINA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Reinsch to Mr. Lansing (telegram).	1917 Dec. 28	Same subject. Representative of Japanese Group has been instructed to promise the Chinese Government advance of £2,000,000 to support note issue of Bank of China. A more adequate and beneficial financial policy could be formed with American cooperation.	159
	Mr. Lansing to Mr. Reinsch (telegram).	Dec. 29	Same subject. Your Nov. 20 and Dec. 28. French Government has asked French group to submit a proposition of participation. British Treasury has matter under consideration. Department is awaiting definite replies from French and British Governments.	159

COLOMBIA

	Mr. Belden to Mr. Lansing (telegram).	1917 Feb. 26	Treaty of Apr. 6, 1914, between United States and Colombia. Notice of probable postponement of consideration of treaty has produced press attacks. Minister for Foreign Affairs requests presentation of note to Foreign Office for publication giving, if it is possible, text of President's letter to Senate Committee, and the reply thereto.	292
396	Same to same-----	Feb. 27	Same subject. Confirms his telegram of Feb. 26. Gives more detailed report.	292
	Mr. Lansing to Mr. Belden (telegram).	Feb. 28	Same subject. Legation's Feb. 26. Short session and pressure of business make it inadvisable to press for ratification of treaty. Matter to be pressed at special session on Mar. 5. Inform Foreign Office that this Government has no objection to publication of President's letter and Senator Stone's reply thereto.	293
33	Mr. Betancourt to Mr. Lansing.	Mar. 7	Same subject. States that it is impossible to allow the pending treaty question to go on any longer without receiving a satisfactory solution.	294
397	Mr. Belden to Mr. Lansing.	Mar. 10	Same subject. Department's Feb. 28. Transmits copies of Legation's note to the Foreign Office of Mar. 7, and the reply thereto. The publication of these notes was favorably received and has lessened somewhat the unfortunate attacks referred to in telegram of Feb. 26th last.	295

COLOMBIA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Lansing to Mr. Belden (telegram).	Mar. 10	Same subject. Department's Feb. 28. Text of President's letter to Senator Stone.	296
	Mr. Betancourt to Mr. Lansing.	Mar. 12	Same subject. Sets forth reasons which prompt the ratification of the Colombian treaty.	297
	Mr. Lansing to Mr. Belden (telegram).	Mar. 17	Same subject. Department's Feb. 28. Senate adjourned yesterday until Apr. 16. Explain to Minister for Foreign Affairs that the matter of the treaty will be taken up at the extra session.	298
	Mr. Lansing to Mr. Betancourt.	Mar. 20	Same subject. Acknowledges note of Mar. 7. Contents of note being given careful consideration.	298
401	Mr. Belden to Mr. Lansing.	Mar. 24	Same subject. In compliance with a request of Minister for Foreign Affairs, Legation prepared a note based on Department's instructions of Mar. 17. Publication of the note allayed somewhat the increasing irritation of the public. Copy of note enclosed. Failure of the treaty would cause deep-set and long-standing bitterness towards the United States.	298
	Same to same (telegram).	Mar. 30	Same subject. Minister for Foreign Affairs requests consideration of treaty in early days of Senate sessions. Modifications referred to in telegram of Mar. 28 would not be acceptable. Resignation of Colombian Minister at Washington just been accepted. Will delay departure if treaty is to be considered at an early date.	299
146	Mr. Lansing to Mr. Belden.	May 3	Same subject. Legation's No. 397 of Mar. 10 last. Department approves action taken.	300
	Mr. Lansing to Mr. Betancourt.	May 24	Same subject. Letter to Mr. Betancourt on the occasion of his departure from the United States, as Minister from Colombia, expressing belief that whatever success may come from the treaty will be due largely to his untiring efforts	300

COSTA RICA

	Mr. Chase to Mr. Lansing (telegram).	1917 Jan. 27	Political affairs. Minister of War Tinoco overcame the Government of President González by force. Martial law. Americans apparently in no danger.	301
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COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Hale to Mr. Lansing (telegram).	Jan. 27	Same subject. Joaquin Tinoco, brother of Minister of War, took possession barracks giving complete military control of Republic. President González, President of Congress and Castro Quesada now under protection of the Legation. President requests American Government not to recognize Tinoco Government.	301
	Same to same (telegram).	---do---	Same subject. The President and Cabinet and Maximo Fernandez, President of Congress, request the protection of the Government of the United States to sustain legal Government.	301
24	Mr. Chase to Mr. Lansing.	---do---	Same subject. Detailed account of the revolution.	302
	Mr. Hale to Mr. Lansing (telegram).	Jan. 28	Same subject. It is reported that rebels threaten to assault Legation unless United States recognize Tinoco. Other Legations have not recognized him.	303
	Same to same (telegram).	Jan. 29	Same subject. People greatly excited over rumors that American cruisers are approaching Costa Rica. Ordinary machinery of Government now proceeding as usual. With resignation of Flores, believe legality can be given to Government that will satisfy all parties. If rumors are correct, recommend that ships be ordered back.	303
	---do---	Jan. 30	Same subject. Cabinet announced. Election of deputies by popular vote called for April 1. Convention to assemble May 1 for the apparent purpose of forming new Constitution and electing a President. Action of Government seems to meet with approval of people.	304
	Mr. Lansing to Mr. Hale (telegram).	---do---	Same subject. Report fully as to conditions surrounding granting of asylum to González and others. Are American lives and property in danger? Take no action which might be construed as recognition unless instructed by Department. Report in detail causes which led to Tinoco's action.	304
	Mr. Hale to Mr. Lansing (telegram).	Jan. 31	Same subject. González wishes to go to the United States. Safe conduct to American warship would probably be given. Advises such a course as it would clear the situation for the work of legalizing the <i>de facto</i> Government by elections. Gives reasons why González was forced out.	304

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 3	Same subject. Department's Jan. 30. Gives conditions surrounding granting asylum to González and others. No danger to Americans. González and Quesada sailing for New York. Safe conduct arranged. Amnesty granted to all. Meeting of diplomatic officers called for next Tuesday to exchange views. Asks to be instructed.	305
	-----do-----	Feb. 5	Same subject. Safe conduct granted to González and Quesada. Sailed last night. González requests that United States Government refuse to recognize Tinoco. Suggests that there seems nothing else to do but recognize <i>de facto</i> Government.	305
	Mr. Lansing to Mr. Hale (telegram).	----do----	Same subject. Have no intercourse with German Chargé in view of severed relations with Germany. Take no step which will be considered as recognition of Tinoco Government.	306
	Same to same (telegram).	Feb. 8	Same subject. Legation's Jan. 30. Report fully as to legality of decree calling for constitutional election of deputies by popular vote and legality of calling for constitutional convention to assemble in May to form new constitution and to elect new President.	306
	Mr. Lansing to Mr. Leavell (telegram).	Feb. 9	Same subject. Tinoco Government. American Government will not recognize or support any government unless it is clearly shown that it is elected by legal and constitutional means. (Same to Tegucigalpa, San Salvador and Managua.)	306
	Mr. Lansing to Mr. Hale (telegram).	----do----	Same subject. Quotes telegram sent to other Central American countries concerning situation in Costa Rica. Instructs to present Tinoco with a copy and to inform him that the United States will refuse to recognize any government which he organizes.	307
19	Mr. Lansing to Mr. Chase.	Feb. 12	Same subject. Your No. 24, Jan. 27. Approves action in not giving information regarding attitude of the United States towards the revolution.	307
	Mr. Hale to Mr. Lansing (telegram).	Feb. 13	Same subject. Department's Feb. 9. Tinoco notified of attitude of American Government.	307
	Mr. Lansing to Mr. Hale (telegram).	Feb. 17	Same subject. Legation's Feb. 13. Inform Tinoco that he will not be recognized even if he is elected.	308

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 22	Same subject. Quotes statement given to the press wherein it is stated that claims of Americans arising out of transactions with the Tinoco Government will not receive the support of the American Government. Instructs to give Tinoco copy of such statement and inform him that it has been published in the United States.	308
	Mr. Lansing to Mr. Leavell (telegram).	Feb. 23	Same subject. This Government will not recognize claims of Americans arising out of transactions with the Tinoco Government. Tinoco has been informed. Managua, Tegucigalpa and San Salvador informed.	308
	Mr. Hale to Mr. Lansing (telegram).	Feb. 26	Same subject. Contents of Department's February 17 and February 22 given to Tinoco. Tinoco expected to consult with ex-Presidents and with their assistance formulate a statement covering the legal aspects of the transfer of power for presentation to the United States Government.	309
	Mr. Quesada to Mr. Lansing.	Feb. 28	Same subject. Incloses memorandum relating the facts connected with the overthrow of the González Government. Asks that the American Government refuse to recognize any government set up by Tinoco.	309
	Mr. Guardia to Mr. Lansing.	Mar. 12	Same subject. Incloses a memorial in which are set forth the reasons underlying the deposition of González and the proclamation of Tinoco pending the establishment, by free elections, of the constitutional <i>régime</i> .	313
	Mr. Lansing to Mr. Hale (telegram).	Mar. 15	Same subject. Department's February 9. Confer with ex-Presidents and Chiefs of Legislatures. Explain to them the attitude of the Department and suggest that they give out the information referred to so that the people may understand the position of the United States.	320
	Mr. Hale to Mr. Lansing (telegram).	Mar. 29	Same subject. At a meeting this afternoon the ex-Presidents declared in favor of the present order of affairs which they claim is upheld by the will of the people and which presents the opportunity of giving to the country a new and better constitution.	330

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Apr. 2	Same subject. Election held yesterday without disorder or opposition. Government claims victory. Reports of flagrant ballot box stuffing. No enthusiasm and strong reactionary feeling apparent.	321
	Mr. Lansing to Mr. Hale (telegram).	Apr. 5	Same subject. Legation's Apr. 2 not clear. Report immediately by cable whether Tinoco has been elected.	321
	Mr. Hale to Mr. Lansing (telegram).	Apr. 6	Same subject. Department's Apr. 5. Tinoco elected.	321
	Mr. Guardia to Mr. Lansing.	Apr. 9	Same subject. Supports the position of the United States in the war with Germany. Offers the use of its waters and ports for war needs of the American Navy.	321
	Mr. Tinoco to President Wilson (telegram).	Apr. 11	Same subject. Tinoco announces his election to the presidency of Costa Rica. Expresses sympathy with the cause of the United States against Germany.	322
	Mr. Johnson to Mr. Lansing (telegram).	Apr. 30	Same subject. Rejection of certain reform provisions by the constitutional convention has caused the respectable advocates of recognition to threaten to withdraw their support. Other acts of the Tinoco Government have caused much dissatisfaction.	322
	Same to same (telegram).	May 4	Same subject. Legation's Apr. 30. Vote on senate reversed and adopted almost unanimously today on orders from Tinoco. Other checks expected to be adopted.	322
	-----do-----	May 14	Same subject. Constitution adopted by narrow majority, electoral college, nearly five hundred members, only half of whom elective there permanent. Ex-Presidents' project called for wholly elective electoral college. Decided reaction exists against Tinoco Government on all sides.	323
	-----do-----	May 16	Same subject. Joaquin Tinoco, <i>de facto</i> Minister of War, asks if there is any objection to his entering the United States. Persistent rumors of expeditions against Tinoco and of growing unpopularity. Relatives of González experiencing difficulty in obtaining permit to leave the country.	323

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram).	May 17	Same subject. Domingo González, six sons, and three daughters sought refuge in Legation saying that they were in danger of immediate arrest in view of virtual martial law. Conditional asylum granted pending instructions from the Department.	323
	Mr. Lansing to Mr. Johnson (telegram).	May 24	Same subject. No objection to entry of Joaquin Tinoco into the United States as a private citizen.	323
	Mr. Johnson to Mr. Lansing (telegram).	May 18	Same subject. Lara volunteered assurance that there was no danger to González family. Danger, however, that family will be regarded as hostages in case of any attack against Tinoco.	324
	Mr. Guardia to Mr. Lansing.	May 19	Same subject. States that Alfredo González, under the pretense of support by the United States, is engaging in pernicious activities against the <i>de facto</i> Government. Asks that the United States disclaim any connection with such activities.	324
	Mr. Lansing to Mr. Johnson (telegram).	May 24	Same subject. Request of the Minister for Foreign Affairs assurances for the safety of González family in case they leave the Legation.	325
	Mr. Johnson to Mr. Lansing (telegram).	May 25	Same subject. Department's May 24. Assurances obtained, and González family left the Legation 5 p. m. to-day for their home.	325
	Same to same (telegram).	May 26	Same subject. Fernandez Guardia, agent, Washington, to be withdrawn June 1, in the absence of recognition. Joaquin Tinoco leaving 29th for New York to continue efforts in that city.	325
	-----do-----	June 2	Same subject. Department's May 29. Public opinion becoming very critical of <i>de facto</i> Government. Reasons. Course of action deemed best for eliminating Tinoco.	326
	Mr. Lansing to Mr. Johnson (telegram).	June 9	Same subject. State unofficially to Tinoco that President reaffirms his determination not to recognize present Government; that the United States hopes his personal ambitions will not aggravate the economic difficulties by deferring the establishment of a government which, internally, will command popular confidence and externally, will receive generally recognition of foreign nations.	326

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Johnson to Mr. Lansing (telegram).	1917 June 14	Same subject. Department's June 9. Instructions carried out. Will report effects within few days. Leonidas Pacheco, President of Constitutional Assembly and of Senate, sails to-day for Washington to relieve Fernandez Guardia.	327
	Same to same (telegram).	June 15	Same subject. Department's June 9. Gives results of his interview with Tinoco. Will not withdraw.	327
	Mr. Quesada to Mr. Lansing.	---do---	Same subject. Suggests ways of action to force Tinoco out of office and thus save the country from ruin. González willing to resign presidency in favor of Aguilar Barquero. Asks financial aid for Costa Rica.	328
	Mr. Johnson to Mr. Lansing (telegram).	June 19	Same subject. Several conferences held with Congressmen, prominent merchants, bankers, and agriculturalists. Financial and economic matters discussed preparatory to further issues of paper money, direct taxes, and gold export duties. Tinoco will withdraw only by force of difficulties. Disappearance of silver currency has become real menace as it interferes with retail trade and marketing.	331
	Mr. Lansing to Mr. Johnson (telegram).	June 20	Same subject. Legation's June 15. Your action approved. This Government will not approve revolution in the personal interest of González or Quesada.	332
	Mr. Johnson to Mr. Lansing (telegram).	June 27	Same subject. Aspirants for presidency are disposed to do nothing to induce Tinoco to resign. Confidence in all leaders of country has been shaken. Reasons. Voting by Congress to Executive of power to issue paper money will greatly militate against early withdrawal of Tinoco.	332
	Mr. Guardia to Mr. Lansing.	July 4	Same subject. Announces the withdrawal as agent of <i>de facto</i> Government of Costa Rica at Washington. Regrets that the United States refuses recognition. Cites authorities to justify the position and legitimacy of present Costa Rican Government.	332
	Mr. Polk to Mr. Quesada.	July 6	Same subject. Acknowledges note of June 15. Outline of plan for the restoration of Constitutional Government will be given careful consideration.	337

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Johnson to Mr. Lansing (telegram).	July 11	Same subject. Tinoco sought to push through Congress a grant of full dictatorial powers but some Duranistas, alleging necessity for consideration, left, breaking quorum. Return of Guardia from Washington seemed to have inspired new hope of recognition.	337
	Mr. Polk to Mr. Johnson (telegram).	July 14	Same subject. Legation's July 11. No grounds for the new hope of recognition. Deny any rumors to such effect in manner which seems most appropriate to you.	337
141	Mr. Johnson to Mr. Lansing.	---do---	Same subject. Incloses copy of manifesto issued by Tinoco purporting to warn the citizens against the machinations of his enemies. Comments thereon.	338
	Same to same (telegram).	July 18	Same subject. Legation's July 11. Opposition to suspension of constitutional guaranties still continues. Legislative decree published authorizing issue of certain bonds. Minor C. Keith engaging in certain activities in spite of knowledge of Department's attitude. Reported that Cabrera has made several shipments of ammunition to <i>de facto</i> Government.	339
	Mr. Polk to Mr. Leavell (telegram).	July 21	Same subject. United States Government would appreciate authoritative information from Cabrera concerning reports of shipment of ammunition by Guatemala to Tinoco.	340
	President Gonzáles to President Wilson.	July 28	Same subject. Calls attention to certain export measures put into effect by Tinoco. Claims it is pure spoliation and asks that the United States take certain measures to meet it.	340
	Mr. Johnson to Mr. Lansing (telegram).	Aug. 9	Same subject. Law in many respects equivalent to suspension of constitutional guaranties proclaimed Aug. 3. Legislative program designed to sustain Tinoco, independently of recognition, about completed. Summary of situation since Department's June 9.	342
154	Same to same-----	Aug. 11	Same subject. Tinoco Government alarmed at prospect of losing export tax on coffee due to the withdrawal of ships by United Fruit Co. Contract to be signed by Tinoco with Keith whereby a certain amount of shipping space will be assured Costa Rica. Outlines plan suggested by Iglesias to force Tinoco's withdrawal.	342

COSTA RICA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Leavell (telegram).	1917 Sept. 21	Same subject. Department's Feb. 9. United States Government would not regard the recognition of Tinoco by the Government of Guatemala as evidence of a friendly feeling toward the United States. (Same to Legations at Tegucigalpa, Managua, San Salvador.)	343
425	Mr. Jefferson to Mr. Lansing.	Sept. 29	Same subject. Department's instructions of Sept. 21 complied with. Copies of notes to and from the Foreign Office.	344
535	Mr. Ewing to Mr. Lansing.	Oct. 8	Same subject. Department's Sept. 21. Incloses copy of note received from the Honduran Foreign Office giving reasons for recognizing the Tinoco Government.	345
178	Mr. Lansing to Mr. Ewing.	Nov. 22	Same subject. Legation's No. 535 of Oct. 8. The Government of the United States has taken careful note of the position assumed by Honduras in regard to its recognition of the Tinoco Government.	347
	Mr. Price to Mr. Lansing (telegram).	Dec. 20	Same subject. Secretary of Government and Justice reports the arrest and subsequent release of certain followers of Quesada. States that they were well armed and without passports. Desire to go to Nicaragua. Secretary feels that nothing will be done by them against Tinoco from Panaman territory.	348
	Same to same (telegram).	Dec. 26	Same subject. Alfredo Volio came to the Legation to-day and made known his plans to overthrow Tinoco Government. Asks that the Department be informed. Requests certain cables be transmitted to Quesada.	348
	Mr. Lansing to Mr. Price (telegram).	Dec. 29	Same subject. Legation's Dec. 26. Instruct censor to withhold transmission of Volio's cables. Inform Volio that United States will not countenance armed activities such as he contemplates. Inform Government of Panama that the United States hopes that no revolutionary expeditions against Nicaragua or Costa Rica will be permitted to be launched from her territory. Request assistance of American military authorities.	349

CUBA

No.	From and to whom	Date	Subject	Page
	Editorial note-----	-----	Controversy between the Cuban Ports Co. and the Cuban Government. <i>Résumé</i> of controversy from 1911 to 1915.	431
		1915		
	Mr. Lansing to Mr. Scholle (telegram).	Oct. 12	Same subject. Instructs to request adjournment of the trial of the case now before the Cuban courts.	432
	Mr. Scholle to Mr. Lansing (telegram).	Oct. 19	Same subject. The President insists that the trial of the case be expedited.	433
	Mr. Lansing to Mr. Scholle (telegram).	Oct. 20	Same subject. The request for postponement of trial was made to facilitate a conference between the British security holders and the Ports Co. for an amicable settlement.	433
	Mr. Spring Rice to Mr. Lansing.	Nov. 3	Same subject. Requests, in case the decision of the courts is averse to the company, the continued good offices of the Department in bringing about an amicable settlement.	433
	Mr. Lansing to Mr. Spring Rice.	Nov. 6	Same subject. Acknowledges receipt of note of 3d instant. Department will endeavor to continue good offices.	434
	Mr. Gonzales to Mr. Lansing (telegram).	Nov. 22	Same subject. Court rendered decision against the company.	435
	Mr. Polk to Mr. Gonzales (telegram).	Nov. 27	Same subject. Instructs to inform the President of Cuba that American bankers are disinclined to consider a loan to Cuba until the Ports Company's case is settled equitably.	435
		1916		
	Mr. Lansing to Mr. Gonzales (telegram).	Feb. 29	Same subject. Asks information about status of case.	435
	Mr. Gonzales to Mr. Lansing (telegram).	Mar. 9	Same subject. Advises that a strong note be sent by the Department, emphasizing British pressure upon Department and calling attention to the information that certain congressmen are refusing action in expectation of private gain.	436
	Mr. Polk to Mr. Gonzales (telegram).	Mar. 15	Same subject. Quotes note to be presented to the Cuban Foreign Office reiterating the earnest hope of the Department that the President may immediately obtain Congressional support necessary to settle the case equitably.	436

CUBA—Continued

No.	From and to whom	Date	Subject	Page
		1916		
	Mr. Gonzales to Mr. Lansing (telegram).	Mar. 22	Same subject. The President proposes to appoint immediately a commission of three lawyers to make a fresh study of the subject and determine what the President may do.	437
	Mr. Lansing to Mr. Gonzales (telegram).	Mar. 24	Same subject. Asks his opinion as to present status of the case.	437
	Same to same (telegram).	May 10	Same subject. Instructs to inquire what has been done in the matter.	437
	Mr. Gonzales to Mr. Lansing (telegram).	May 27	Same subject. President informed him that the report of the commission would be published in a few days. Believes publication of report would be harmful.	438
	Mr. Scholle to Mr. Lansing (telegram).	June 2	Same subject. Majority report of the commission published. Settlement must be made by Congressional action. Holds that Government is not liable for bonds or stock.	438
	Mr. Fuller to Mr. Lansing.	June 7	Same subject. Submits a <i>résumé</i> of the history of the case and requests that the Department inform the Cuban Government of certain propositions for an equitable settlement of the case.	438
179	Mr. Spring Rice to Mr. Lansing.	June 22	Same subject. The purchase of the undertaking on the basis of the modified concession of 1913 by the Cuban Government would be a good solution of the difficulty.	441
	Mr. Céspedes to Mr. Lansing.	July 13	Same subject. Submits argument in favor of the legality of the verdict rendered by the Supreme Tribunal of Cuba in this case.	442
235	Mr. Polk to Mr. Gonzales.	July 31	Same subject. Quotes note to be presented to the Cuban Foreign Office, pointing out that the Cuban Government seems to be in a position to effect a satisfactory solution of the difficulty by appointing appraisers so that the company's securities may be purchased by Cuba.	443
	Mr. Polk to Mr. Fuller.	July 31	Same subject. The Department has sent a comprehensive instruction to the American Minister at Habana looking to a satisfactory solution of the question along the line suggested in his letter of June 7, 1916.	445
368	Mr. Gonzales to Mr. Lansing.	Aug. 25	Same subject. Incloses copy of a note from the Cuban Foreign Office in reply to his note presented to that office in compliance with Department's instruction No. 235 of July 31, 1916.	446

CUBA—Continued

No.	From and to whom	Date	Subject	Page
273	Mr. Lansing to Mr. Gonzales.	1916 Dec. 14	Same subject. Reviews the note of the Cuban Foreign Office transmitted in his despatch No. 368 of Aug. 25, 1916, and instructs to inform that office that this Government regrets that the Cuban Government considers itself unable to take the measures suggested by the Department for the settlement of the difficulty.	451
	Mr. Gonzales to Mr. Lansing (telegram).	1917 Jan. 22	Political affairs. Political situation critical and dangerous. Attitude of President toward the Supreme Court. Reasons. Conservatives expected to resort to fraudulent and violent means to gain victory in the coming partial elections.	350
	Mr. Lansing to Mr. Gonzales (telegram).	Jan. 26	Same subject. Legation's January 22. Should occasion arise, intimate to President that this Government would regret any action which would cause disturbance in Cuba in view of the great strides made by the Republic in political and commercial advancement.	351
	Mr. Gonzales to Mr. Lansing (telegram).	Feb. 1	Same subject. Department's Jan. 26. President declares that elections will be held according to law. Government measures taken to insure safety to voters of both parties. Liberal party considering asking the United States to supervise elections on the 14th.	351
	Mr. Lansing to Mr. Gonzales (telegram).	Feb. 10	Same subject. Legation's Feb. 1. Quotes statement to President for publication in which the United States expresses the hope that the election difficulties will be settled in the manner provided for by law. Warns that United States will scrutinize acts of both parties for any intimidation by armed forces or illegal pressure.	351
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Arrest of certain officers as a result of alleged plot against the life of President. Disposition of armed forces in Santa Clara and other elaborate precautions regarded by many as measures of intimidation. Asks whether Department considers it advisable to have military attaché observe elections at Santa Clara.	352

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 11	Same subject. Department's Feb. 10. Instructions complied with. President not willing to take initiative in respect to publication of Department's message. Says past history and life entitle him to Department's confidence. Miniature uprisings in one or two places. Warrants issued for arrest of number of Liberals said to be implicated in plans for revolution.	353
	Mr. Lansing to Mr. Gonzales (telegram).	Feb. 12	Same subject. Legation's Feb. 10 and Feb. 11. Department has made public statement contained in its Feb. 10. You are authorized to give it to the Cuban press. If President Menocal and Zayas have no objections you are authorized to send military attaché to Santa Clara as observer of elections.	354
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Organized revolution exists in Camaguay and in number of towns in Santa Clara. Believed that Gomez has landed in Camaguay Province to lead revolt. <i>Heraldo de Cuba</i> , newspaper owned by Ferrara, suppressed. President preparing proclamation to-night. Cuban Government desirous of having expression of moral support from the Government of the United States.	354
	Mr. Rodgers to Mr. Lansing (telegram).	Feb. 13	Same subject. Camaguay and Oriente Provinces reported to be in hands of revolutionary party. No antagonism to Americans or interests as yet reported.	355
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Legation's Feb. 12. Transmits for publication statement of attitude of the United States Government toward revolutionary movement. Instructs to repeat same to certain American consuls.	356
	Same to same (telegram).	---do---	Same subject. Legation's Feb. 12. Department believes it desirable to have elections postponed until such time as the present disturbances are at an end. Endeavor to have President Menocal and leaders of Liberal Party postpone elections.	356
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. No material change since earlier report. Cruiser <i>Cuba</i> left to-night for Santiago. Government appears to have situation at Santa Clara well in hand. Military attaché not being sent to Santa Clara.	356

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 14	Same subject. Department's Feb. 13. President says that Junta Central constitutes sole legal authority outside of Congress to postpone elections and that body voted yesterday against postponement. Early reports from elections mention no disorders.	357
	-----do-----	-----do-----	Same subject. Reports a number of skirmishes. Government completely controls Santa Clara Province west of Jatibonico River. Sugar mills of Cuba Central at Jatibonico stopped grinding at order of Gomez. Reinforcements from cruiser <i>Cuba</i> will arrive to-morrow at Jucaro.	357
	-----do-----	-----do-----	Same subject. Fernandez, assuming provisional command at Santiago, says mouth of harbor will be mined and that all American ships wishing to enter must ask for pilot. Threatens retaliation if Menocal executes officials and others charged with treason.	358
	-----do-----	-----do-----	Same subject. Publication of statement giving position of United States regarding revolutions has had most clarifying effect upon public mind. Government officials grateful.	358
	-----do-----	-----do-----	Same subject. Elections reported held in Santa Clara to-day without further friction. Menocal is victor. Manuel Gonzales, Mayor of Santo Domingo, Santa Clara Province, has surrendered on promise of safe conduct to Habana.	358
	Same to same (telegram).	Feb. 15	Same subject. Military conditions unchanged. Government troops awaiting reinforcements before attacking forces under Gomez. Conditions at Santiago reported growing worse.	358
	-----do-----	-----do-----	Same subject. American Consul Santiago reports conditions worse. Details requested.	359
	-----do-----	-----do-----	Same subject. General and widespread doubt exists of Army's loyalty. Test will come when President's forces attack Gomez in Camaguey.	359
	Mr. Céspedes to Mr. Lansing.	-----do-----	Same subject. President is confident that with moral support of the United States Government he will be able to reestablish order. Military uprising at Santiago has not been extended.	359

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Daniels to Mr. Lansing.	1917 Feb. 15	Same subject. Commander-in-chief has been instructed to send two United States men-of-war to Habana and Santiago de Cuba.	360
	Mr. Gonzales to Mr. Lansing (telegram).	Feb. 16	Same subject. President published proclamation guaranteeing security for all pacific citizens whatever their ideas, antecedents, and political affiliations so long as they respect the law.	360
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. U. S. S. <i>Machias</i> will replace U. S. S. <i>Petrel</i> at Santiago and U. S. S. <i>Dixie</i> will sail for Habana to-day. These vessels will report upon conditions and be present in case of emergency.	361
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Reports on the military situation in various Provinces.	361
	Mr. Lansing to Mr. Gonzales (telegram).	Feb. 17	Same subject. Legation's Feb. 16. Inform Cuban Government of wishes of United States Government that no Federal ships enter the harbor at Santiago at this time. Reasons.	361
	Mr. Griffith to Mr. Lansing (telegram).	---do---	Same subject. Commander <i>Petrel</i> prevented revolutionists from sinking two merchant vessels at mouth of harbor at Santiago. Protection of life and property, both native and foreign, promised by rebels. People excited, business paralyzed.	362
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Insurgent forces reported routed near Sancti Spiritus, Santa Clara Province. Americans report that Gomez has ordered that all cane grinding must cease after to-morrow.	362
	Mr. Lansing to Mr. Daniels.	---do---	Same subject. Incloses copy of Department's February 13, 1917 to the American Minister at Habana with the request that it be sent via wireless to the American commander at Santiago, with instructions to deliver it to the Consul in order that he may inform the rebel leader of its contents and have it become generally known throughout Santiago and the Province of Oriente.	362
	Mr. Lansing to Mr. Gonzales (telegram).	Feb. 18	Same subject. Statement to the Cuban Government and to the public of the Department's attitude toward the revolt against the Cuban Government.	363

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 18	Same subject. Inform Government of Cuba that commander of U. S. S. <i>Petrel</i> informed Navy Department that revolutionists are prepared to set fire to Santiago and to dynamite public property should they be compelled to retire from city in event of bombardment.	363
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Two gunboats ordered to Santiago but will not attempt to enter. Purpose to prevent escape by sea of deserting soldiers. Move of Government troops against Santiago within two days. Gomez expected to attempt to leave country through that port.	364
	Same to same (telegram).	Feb. 19	Same subject. Banks at Santiago reported closed by order of insurgents for period of eight days. U. S. S. <i>San Francisco</i> arrived at Santiago. Conditions unchanged.	364
	---do---	---do---	Same subject. Department's Feb. 18. Publication of statement has produced marked impression.	364
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Protection of American interests. Department informed cane scales and loading station at San Lorenzo destroyed by fire and working of mill prevented. Request adequate protection be given American interests at this point.	414
	Mr. Lansing to Mr. Griffith (telegram).	---do---	Same subject. Investigate and report upon present condition of Cuban railroads. Report also as to whether sugar mills are running in Oriente Province and as to safety of American employees.	414
	Mr. Gonzales to Mr. Lansing (telegram).	Feb. 20	Same subject. Department's Feb. 19. Conditions at San Lorenzo reported changed for the better.	414
	Same to same (telegram).	---do---	Political affairs. Department's Feb. 18 sent in cipher to Consul at Santiago and open through Santiago to consular agents Guantanamo and Antilla. Open messages stopped by insurgent censor Santiago cable office. Will endeavor to convey message by wireless. Attitude of insurgent leader at Santiago more conciliatory.	364
	Mr. Griffith to Mr. Lansing (telegram).	---do---	Same subject. Conditions growing worse. Many refugees from interior. Several mills closed. No communication; food scarce; people excited; banks closed.	365

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 22	Same subject. Transmits despatch from the Chamber of Commerce at Santiago to President Wilson relative to present conditions at Santiago.	365
	Mr. Gonzales to Mr. Lansing (telegram).	Feb. 23	Same subject. Newspapers at Santiago refused to publish statement of attitude of United States. Telegrams posted. Threatened confiscation of bank funds. Many persons have requested asylum. Presence of war vessels considered only guaranty of life and property.	365
	Mr. Lansing to Mr. Griffith (telegram).	---do---	Same subject. Reply of President Wilson to the statement of Chamber of Commerce of Santiago.	366
	Mr. Gonzales to Mr. Lansing (telegram).	Feb. 25	Same subject. British and American banks asking protection. Consul at Santiago ordered to take precautions to safeguard these and other American and foreign interests. Government column landed yesterday at Manzanillo on way to Santiago.	366
	Same to same (telegram).	---do---	Same subject. Results of the two weeks revolution. Rebel leaders working for intervention of American Government. Expected to resort to wholesale destruction sugar cane and mills. In such event suggests certain physical aid to the Cuban Government.	367
	Mr. Griffith to Mr. Lansing (telegram).	Feb. 26	Same subject. Cuban gunboat <i>Cuba</i> now outside harbor blocking entrance.	367
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Camaguey City occupied to-day. Civil government reestablished. Other military news. Delay in receipt of arms from United States is hampering the President in pushing campaign.	368
	Same to same (telegram).	---do---	Protection of American interests. Officials of the Cuba Railway report coal and sugar warehouses at Nuevitas and Antilla in danger of destruction by rebels. Believe presence of war vessels at those ports would save property.	415
	---do---	Feb. 27	Political affairs. Delayed radio from Guantanamo Naval Station says expected to land 200 men midnight Sunday in Guantanamo town, as systematic destruction cane commenced and disorder and danger threatened.	368

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Feb. 27	Same subject. Federal forces defeated insurgents yesterday at Bayamo.	368
	-----do-----	-----do-----	Same subject. Royal Bank of Canada delivered over Government fund to insurgents. British Minister alleges money delivered under compulsion. United States should land armed forces enough to give security against either violence or coercion by insurgents.	368
	-----do-----	-----do-----	Same subject. Two hundred marines landed yesterday in the immediate vicinity of Guantamo. Two companies marines from United States ship <i>Connecticut</i> also reported landed but place not stated.	369
	Mr. Griffith to Mr. Lansing (telegram).	Feb. 28	Same subject. Forwards message from the owners and managers of 25 sugar mills concerning the stoppage of cane grinding by the insurgents.	369
422	Mr. Gonzales to Mr. Lansing.	-----do-----	Same subject. Incloses a translation of a letter from General Gomez setting forth the object of the revolt.	370
	Mr. Redfield to Mr. Lansing.	-----do-----	Protection of American interests. Asks to be advised as to the information that may be given to the Cleveland Worsted Mills Co. to properly protect its interests in Cuba.	415
	Mr. Lansing to Mr. Gonzales (telegram).	Mar. 1	Same subject. Directs to request Cuban Government provide adequate protection for certain named properties.	415
	Same to same (telegram).	-----do-----	Political affairs. Contents of Department's Feb. 23, 1917 to the American Consul at Santiago, in response to a statement forwarded by him from the Chamber of Commerce of that city.	371
	-----do-----	-----do-----	Same subject. Department instructs Minister to urge President Menocal to make it clear to the people of Cuba and the world that coincident with the laying down of arms by the rebels, elections will be called in Santa Clara and Oriente Provinces and an amnesty granted to those concerned in revolt.	371
	Mr. Gonzales to Mr. Lansing. (telegram).	-----do-----	Same subject. Destroyer <i>Cassin</i> entered Habana to-day. Commander reports experiences with rebel forces at Nuevitas. U. S. S. <i>Eagle</i> arrived at Nuevitas Feb. 27 and now there.	372

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Gonzales (telegram).	1917 Mar. 2	Same subject. Department's Mar. 1. In view of conditions at Santiago, recommend Cuban Government immediately raise blockade and instruct Cuban consuls to resume issuance of clearances to Santiago. Department communicating with bankers in New York in regard to funds to relieve situation.	372
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Department's Mar. 1. Instructions complied with. Written reply promised to-morrow. President claims amnesty would mean ruin of army. Seemed indifferent to elections. Willing to have General Crowder investigate and pass on whole election question.	373
	Same to same (telegram).	---do---	Protection of American interests. Department's Mar. 1. Gives condition of certain properties for which Department requested protection.	416
	Mr. Lansing to Mr. Gonzales (telegram).	Mar. 3	Same subject. Requests protection for the property of the Francisco Sugar Co. at Guayabal.	416
	Same to same (telegram).	---do---	Same subject. Francisco Sugar Co. reports destruction by fire of enormous quantities of cane. Request immediate protection for American properties menaced by insurgent forces. Report fully result of your efforts.	416
	Mr. Lansing to Mr. Griffith (telegram).	---do---	Political affairs. Instructs to investigate actual conditions surrounding certain sugar estates in Guantanamo zone.	374
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Reply of President Menocal to representations made in accordance with Department's Mar. 1.	374
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Legation's Mar. 2 is silent as to attitude of Menocal towards amnesty to others than officers. Immediate question is not amnesty but right of those in complicity with present insurrection to cast their votes in partial elections to be held under decree of Supreme Court. Ascertain views of Menocal in this regard.	375
	Mr. Gonzales to Mr. Lansing (telegram).	Mar. 4	Same subject. Department's Mar. 3. By proclamation of Feb. 27 President granted amnesty to enlisted men who deserted under force of circumstances. Others have surrendered and been liberated. Discusses election question. Believes Department misunderstands situation.	376

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No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Mar. 4	Same subject. Asks definite information as to what naval authorities are authorized to do in making terms with rebels. Makes certain recommendations.	377
	-----do-----	-----do-----	Same subject. Department's Mar. 2. President promises opening of port and issuing clearance to ships at earliest possible date consistent with military necessity. Does not wish munitions to reach rebels before he can get forces to city.	377
423	Same to same-----	Mar. 5	Same subject. Incloses copy of a communication from the Mayor of Cienfuegos, conveying by resolution of the city council a message of commendation to our Government for its attitude towards the insurrection.	377
	Same to same (telegram).	-----do-----	Protection of American interests. Department's Mar. 3. Property in rebel zone out of reach Federal communication. Government promises protection after taking Santiago. Two companies of marines reported landed from U. S. S. <i>Pennsylvania</i> .	416
	Mr. Lansing to Mr. Gonzales (telegram).	Mar. 6	Same subject. Federal troops reported to have fired on residence of Mr. Craib, at Jatibonico plant of the Cuba Co., while British and American women and children sheltered there.	417
	Same to same (telegram).	-----do-----	Political affairs. Department's Mar. 2. In view of dependence of American companies upon coal from the United States, it would seem imperative that Cuban Government allow vessels containing such supplies to pass through blockade.	378
	-----do-----	Mar. 7	Same subject. Impress upon President Menocal the importance of issuing a proclamation providing for constitutional elections in Oriente Province, after arms have been laid down and the rebels have returned to their allegiance.	378
	Mr. Gonzales to Mr. Lansing (telegram).	-----do-----	Same subject. Department's Mar. 6. Blockade raised on all coal shipments. Cuban Consuls notified.	379
	Mr. Lansing to Mr. Redfield.	-----do-----	Protection of American interests. Acknowledges receipt of letter from the Department of Commerce of Feb. 28. States measures being taken to protect American interests.	417

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No.	From and to whom	Date	Subject	Page
302	Mr. Gonzales to Mr. Lansing (telegram).	1917 Mar. 8	Same subject. Forces of Gomez suffered severe defeat at Placetas, noon to-day. Gomez and staff, with 200 others made prisoners.	379
	Same to same (telegram).	---do---	Same subject. Department's Mar. 7. In proclamation issued to-day President describes revolution as broken and urges all rebels to lay down arms. Proclamation concerning the holdings of elections in Oriente Province. Comments on situation.	379
	---do---	Mar. 9	Same subject. Makes certain suggestions to prevent possible bloodshed at Santiago.	381
	Mr. Lansing to Mr. Griffith (telegram).	---do---	Same subject. Quotes Department's Mar. 6 to Habana and Legation's Mar. 7 for Consul's information. Directs him to see that any coal supplies that arrive be delivered directly to American interests. (Same to Consular Agent at Guantanamo.)	381
	Mr. Lansing to Mr. Gonzales.	---do---	Same subject. Legation's No. 422 of Feb. 28. Not necessary to reply to General Gomez's letter.	381
	Mr. Céspedes to Mr. Lansing.	---do---	Same subject. Is instructed to inform the United States Government that there are no elections pending other than those of Oriente Province.	382
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Protection of American interests. Department's Mar. 6. Thorough investigation of shooting incident at the house of Mr. Craib ordered by the President two weeks ago. Full report will be made as soon as possible. Cuban Government has expressed regret to British Minister.	418
	Mr. Lansing to Mr. Gonzales (telegram).	Mar. 10	Same subject. Guantanamo Sugar Company advises of resumption of burning and destruction of its property. Urge upon Cuban Government need for immediate and adequate protection.	418
	Same to same (telegram).	---do---	Political affairs. Legation's Mar. 8. Seek interview with President and suggest that peaceful conditions may be sooner restored and further destruction of valuable property be prevented, if he should ask for investigation and adjustment of election question by General Crowder and other representative Americans.	382

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Mar. 11	Protection of American interests. Consul at Santiago reports conditions as deplorable in vicinity of Santiago. French Consul asks protection for French properties. Cable what steps Cuban Government will take to afford protection. Question of additional American forces being considered.	418
	Mr. Gonzales to Mr. Lansing (telegram).	Mar. 12	Same subject. Body of 50 regulars started last night from Nuevitas to La Gloria for the protection of isolated and apprehensive American colony.	418
	Same to same (telegram).	---do---	Same subject. American Administrator of Punta Alegre Sugar Mills, Camaguey, together with lieutenant of Federal forces who went to receive surrender of rebel leader, believed to be held for ransom. Naval commander notified. Cuban Government has sent two detachments of cavalry.	419
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Manati Sugar Co. fears destruction of its property. Request protection.	420
	Mr. Griffith to Mr. Lansing (telegram).	---do---	Political affairs. Marines protecting city. Fighting between Government forces and insurgents at San Luis and Dos Caminos <i>en route</i> Santiago de Cuba. Canc fields burning and destruction continues.	382
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Department's Mar. 11. Consul and naval commander not agreed to conditions in Santiago City. Naval commander will turn over city to Cuban Government when latter brings up sufficient force to guarantee order. Pending result conference Cuban officials and commander of <i>Montana</i> , Government forces around San Luis not advancing. Suggests aid from United States in case policy of destruction is pursued.	383
	Same to same (telegram).	Mar. 13	Protection of American interests. Department's Mar. 11. Only French mill in the section not burned and grinding to-day. Cuban commander reports quiet in that district.	419

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Gonzales (telegram).	1917 Mar. 13	Same subject. Legation's Mar. 12. Impress upon President Menocal the extent of destruction of foreign property. Ask if he is in position to prevent further losses. Action of this Government contingent upon reply. Legation's Mar. 12, 6 p. m. Does the suggestion concerning landing of American troops come from the Cuban Government?	419
	Same to same (telegram).	---do---	Same subject. Francisco Sugar Co. says cane burnt represents loss of over \$2,200,000. Company filing claim against Cuban Government. Bring matter to attention of President and request further protection.	419
	Mr. Gonzales to Mr. Lansing (telegram).	Mar. 14	Same subject. Legation's Mar. 12. American administrator of Punta Alegre estate has been released.	420
	Same to same (telegram).	---do---	Same subject. Department's Mar. 13. Conditions improved at Manati. Government force in vicinity.	420
	-----do-----	---do---	Same subject. Department's Mar. 13. Heavy losses at Francisco happened two weeks ago. Government troops now there.	420
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Political affairs. Quotes message from commander United States vessel stationed at Guantanamo to be delivered President Menocal requesting five days armistice to permit rebels time for conference.	383
	Mr. Griffith to Mr. Lansing (telegram).	Mar. 15	Same subject. Transport just landed about 600 Government troops; insufficient to protect city if marines withdrawn. Bitter feeling increases against Americans. Cuban President to save lives should grant some sort of armistice immediately.	384
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Action of two Government representatives at Santiago who assured Mayor Camacho absolute safety in name of Government, approved by President Menocal. President instructed his representatives to continue such methods.	384
	Same to same (telegram).	---do---	Protection of American interests. Department's March 13. President states that losses are greatly exaggerated. Promises information which will give Department another view of the American investor. Suggestion of troops originated with Legation.	420

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LXXIX

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Gonzales (telegram).	1917 Mar. 15	Same subject. Demand adequate protection for Compañía Química de la Gloria at Colombia, Camaguey Province. Property damaged and threatened with destruction.	421
	Same to same (telegram).	Mar. 16	Same subject. Legation's Mar. 14. Report whether Government troops are giving protection at Punta Alegre plantation and if mills are grinding.	421
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Political affairs. Government troops disembarked Santiago to-day. Proposed to organize 1,000 militia. Government and American marines appear to be still in city. President confident that rebels will not attack city and no difficulty be experienced in maintaining order.	384
	Same to same (telegram).	---do---	Same subject. Department's Mar. 14. President asks Commander of <i>Montana</i> object of formal armistice. States practical armistice already exists, as he is making no advance toward Guantánamo.	384
	---do---	---do---	Same subject. Reports the surrender of number of rebels. President Menocal's explanation of the agitation in Santiago against occupation of city by Cuban forces. Mills reported grinding at Manzanillo.	385
	---do---	Mar. 17	Same subject. Terms on which armistice granted communicated to commander of the <i>Montana</i> to-day. Gives terms.	385
	---do---	---do---	Protection of American interests. Department's Mar. 16. Government promised to send more troops this morning. Consular agent at Caibarien says that Atkins at Punta Alegre alarmed fearing attack from Spanish bandit. Wishes marines. All mills grinding except his.	421
	---do---	Mar. 19	Political affairs. Naval commander at Guantanamo says rebels declined to attend conference on war vessel because armistice granted for that purpose did not include whole province. Reply of the President.	385
	---do---	Mar. 21	Same subject. Reports rebels routed at Arroyo Hondo, Camaguey Province. Surrender of rebels at various places.	386

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Mar. 22	Same subject. Petition of rebels at Manati, Oriente Province, for supervision elections by the United States. Americans at Bartle and Galvi ask protection. Manati Sugar Company wishes troops protect cane and railroad bridges. Notified <i>Eagle</i> position of American Government as to elections and informed Cuban Government fear of American colonists.	387
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Protection of American interests. Atkins and Co. report insurgents burning cane on Soledad plantation near Cienfuegos. Demand of Government necessary force to prevent further destruction.	422
	Mr. Gonzales to Mr. Lansing (telegram).	Mar. 23	Political Affairs. Persistent rumors of intervention by the United States in favor of rebels. Unequivocal declaration by Department along lines of earlier messages would probably result in a general and immediate collapse.	387
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Legation's Mar. 23. Forwards for publication statement of the United States Government relative to current rumors in Cuba that the American Government is considering taking steps in behalf of rebels.	387
428	Mr. Gonzales to Mr. Lansing.	---do---	Same subject. Transmits a copy of a memorandum signed by several rebel leaders requesting the United States Government to supervise elections; also a copy of a communication from the commanding officer of the U. S. S. <i>Eagle</i> to the Secretary of the Navy, commenting thereon.	388
	Same to same (telegram).	Mar. 25	Same subject. Capture of rebels near Cienfuegos.	390
	Mr. Lansing to Mr. Gonzales (telegram).	Mar. 27	Same subject. Commander of the <i>Prairie</i> reports food shortage in Guantanamo City becoming serious. Considers reinstatement of Federal customs and postal officials and the opening of port an immediate necessity. Take matter up with Cuban Government and report.	390
	Same to same (telegram).	---do---	Protection of American interests. Large force of rebels said to have visited Jobabo, Oriente Province Mar. 18, looting and destroying property. Advise Department what efforts Government is making for protection there.	422

CUBA—Continued

No.	From and to whom	Date	Subject	Page
433	Mr. Gonzales to Mr. Lansing (telegram).	1917 Mar. 27	Same subject. Government reports forces arriving at Jobabo to-day.	422
	Same to same (telegram).	Mar. 28	Political affairs. Legation's Mar. 27. Cuban forces occupied Guantanamo yesterday. Assumed that Government officers have been established in offices and rebels desiring have surrendered. Port open.	390
	Same to same-----	Mar. 29	Same subject. Incloses copy of President Menocal's manifesto to people of Cuba, dated Mar. 26, 1917.	391
	Same to same (telegram).	Mar. 30	Same subject. Rebel military forces Oriente Province crushed. Many troops and civilian leaders surrender. Reports other engagements.	392
	-----do-----	-----do-----	Same subject. Legation's Mar. 30. Further surrenders. Prospect of early complete pacification Oriente excellent. Two strong rebel contingencies remain in Camaguey.	393
	Mr. Lansing to Mr. Gonzales (telegram).	-----do-----	Protection of American interests. Request protection for the properties of the Nipe Bay Co. and Saetia Sugar Co. near Banas and Preston.	422
	Same to same (telegram).	Mar. 31	Same subject. Fernandez with 400 men reported to have burned Bartle. Manager of Manati Co. received threatening letter. Insist in no uncertain terms that President undertake immediately to give protection.	423
	-----do-----	-----do-----	Same subject. Great damage reported done Cuban Railroad Co. line between Santiago and San Luis and San Luis and Marti. Department understands strict censorship exists. Much disturbed.	423
	Mr. Gonzales to Mr. Lansing (telegram).	-----do-----	Same subject. Department's Mar. 30. Cavalry sufficient for protection will reach Nipe Bay Sunday night.	423
	Same to same (telegram).	-----do-----	Same subject. Department's Mar. 31. Fernandez destroyed property at points named weeks ago. Points now under control of Government and repairs supposed to have commenced.	424
	Mr. Lansing to Mr. Gonzales (telegram).	-----do-----	Political affairs. Reports conditions in eastern end of Cuba as given by naval officers. Legation should keep these reports before Cuban Government for its information and action to protect American lives and property.	393

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Gonzales to Mr. Lansing (telegram).	1917 Apr. 1	Protection of American interests. Department's Mar. 31. Direct conflicting reports from <i>Eagle</i> and Government as to burning of Bartle. Federal troops scattered bands of rebels vicinity Manati to-day, killing 18.	424
	Mr. Lansing to Mr. Gonzales (telegram).	Apr. 3	Same subject. Alto Cedro Sugar Co. has decided to abandon property. Requests escort of marines for employees to Preston. U. S. S. <i>Eagle</i> asks more forces to protect American lives and property at Bartle. Landing force to protect mills and property.	424
	Mr. Gonzales to Mr. Lansing (telegram).	Apr. 4	Political affairs. Federal commander at Manati this afternoon reported complete domination situation there. Communication by wire and rail improving.	394
	Same to same (telegram).	---do---	Same subject. Reports further surrender of rebels at Guantanamo and Santiago. Fact that rebels who fled to Haiti carried \$140,000 is reacting upon insurrection.	394
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Commander U. S. S. <i>Eagle</i> reports situation at Manati as much improved. Other reports from naval officers. Conflicting reports about the holding of elections.	394
	Mr. Gonzales to Mr. Lansing (telegram).	Apr. 6	Same subject. Legation's Apr. 4. Provincial council for Oriente Province ordered elections postponed from Feb. 20 to be held Apr. 9. These partial elections cover four municipalities. No manifestation of interest in elections.	394
	Mr. Lansing to Mr. Gonzales (telegram).	Apr. 7	Protection of American interests. Insist that Cuban Government furnish protection for American colony at Omaja and also open communication with that place. Report results.	424
	Mr. Gonzales to Mr. Lansing (telegram).	Apr. 9	Political affairs. General Delgado and other important rebel chiefs, and 400 men surrendered to Government at Arroyo Blanco, Camaguey Province, to-day.	395
	Same to same (telegram).	Apr. 10	Protection of American interests. Department's Apr. 7. Railroad repaired to Omaja. Trains running to Las Tunas 10 miles west. Permanent military guard now stationed American settlement. Another detachment ordered to clear surrounding country of rebels.	425

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Gonzales (telegram).	1917 Apr. 16	Same subject. Department informed condition of American settlers at certain named places is desperate. Request immediate protection.	425
	Same to same (telegram).	---do---	Same subject. Miranda properties reported in the hands of rebels. No attempt made to protect Miranda and local towns in spite of continued requests to military authorities. Inquire of Government whether it is informed as to the actual situation in the mentioned locality.	425
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Political affairs. General Guzman surrendered to-day.	395
	Same to same (telegram).	---do---	Same subject. On both sides border between Camaguey and Oriente Provinces, numerous leaderless bands operating, robbing country, stores, and houses. Colonel Varona recently placed in command that district with adequate forces.	395
	Mr. Lansing to Mr. Gonzales (telegram).	Apr. 17	Protection of American interests. Ask Government for immediate protection of the plant of the Holquin Exploration Co. at Aguas Claras, near Holquin.	425
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Department's Apr. 16. Troops stationed at each one of the places named except Canet. Most of the robbery was before communication could be established.	426
	Same to same (telegram).	---do---	Same subject. Department's Apr. 16. Cuban Government claims to be informed. No town or village occupied. Protection promised sugar mill at Miranda. Number of rebel bands in hills of this section. Colonel Varona active against them.	426
	Mr. Lansing to Mr. Gonzales (telegram).	Apr. 18	Same subject. Miranda properties threatened with destruction as they are wholly unguarded despite urgent appeals for protection. Rebel force now burning properties Baso Estancia and destroying Bayate bridge. Urge immediate correction of existing conditions.	426
	Mr. Gonzales to Mr. Lansing (telegram).	Apr. 19	Same subject. Department's Apr. 17. President reports guard at Exploration Co's. plant.	427
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Ascertain from Government why Bethlehem Steel Co's. mines are not furnished ample and permanent protection.	427

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Apr. 20	Same subject. American Consul at Santiago reports conditions as not improved. Says Government forces are inadequate. Present facts to President and report to Department attitude of Cuban Government.	427
	-----do-----	-----do-----	Same subject. Two thousand rebels reported camped on border of property of United Fruit Co. Inform Government and request troops be sent to protect property.	427
	Mr. Gonzales to Mr. Lansing (telegram).	Apr. 21	Same subject. Department's Apr. 17, Apr. 18, and Apr. 19. Presented memorandum to the President recapitulating allegations of danger and destruction. President charges gross misrepresentations. Cites instances. Reenforcements to Oriente Monday.	428
	Same to same (telegram).	-----do-----	Political affairs. General Gustavo Caballero, former governor of Camaguey, was seriously wounded and 150 of his followers taken prisoners by Colonel Pujol today.	395
	Mr. Lansing to Mr. Gonzales (telegram).	Apr. 24	Protection of American interests. Legation's Apr. 21. Consul Santiago reports that American refugees claim interior conditions worse; that more marines needed to protect property. Requests American war vessel remain at Santiago.	429
	Same to same (telegram).	Apr. 25	Political affairs. American Consul at Caimanera reports conditions at Santiago, Manzanillo and surrounding country to be deplorable. Estimated 6,000 well-armed revolutionists operating in Oriente Province. Feeling against Americans bitter and American property interests suffering. Immediate need for effective action.	396
444	Mr. Gonzales to Mr. Lansing	Apr. 29	Same subject. Incloses copies of letters exchanged between himself and Doctor Zayas relative to obtaining a safe conduct for Doctor Zayas from the Cuban Government.	396
	Same to same (telegram).	-----do-----	Same subject. Department's Apr. 25. Government at a loss to understand designation of conditions as deplorable at Caimanera. Government claims sugar mills grinding and railroads operating in Manzanillo district and perfect order in Santiago. Reenforcements being sent to Oriente. Gives reason for changed feeling toward Americans.	400

CUBA—Continued

No.	From and to whom	Date	Subject	Page
1261	Mr. Rodgers to Mr. Lansing.	1917 Apr. 30	Protection of American interests. It has been reported that no American suffered harm in the revolutionary district of Cuba. Mail communication with Oriente Province somewhat interrupted but will address letters of inquiry to those persons mentioned.	429
	Mr. Wolcott to Mr. Lansing (telegram).	May 1	Political affairs. American Consul at Caimanera says Government forces can not suppress revolution there. Destruction and pillage of American and other property daily occurrence. American forces insufficient. Recommends superior force of marines be sent.	401
	Mr. Griffith to Mr. Lansing (telegram).	May 6	Protection of American interests. Reports sacking and burning of several towns and properties. Government forces reported in flight. Two thousand rebels near Daiquiri. War vessel and 500 additional marines needed immediately.	429
	Mr. Lansing to Mr. Gonzales (telegram).	May 7	Same subject. Representative American interests in Oriente Province informed Department that Cuban Government not giving protection against destruction by rebels along railroad. Stores, houses, and other property at Belona and Josephina burned by rebels. Take matter up with Cuban Government.	430
	Mr. Gonzales to Mr. Lansing (telegram).	May 7	Political affairs. Cuban Congress met this afternoon, counted electoral vote, and proclaimed Menocal and Nunez President and Vice President elected.	401
	Same to same (telegram).	May 8	Same subject. Legation's Apr. 29, last paragraph. Believe prompt reenforcement Guantanamo naval station with from 500 or 1,000 marines very desirable. Reasons. Additional forces would be acceptable to Cuban Government.	401
	Mr. Lansing to Mr. Griffith (telegram).	---do---	Protection of American interests. Consulate's May 6. <i>Machias</i> now returning to Santiago. Send to Legation duplicate of all wires to the Department.	430
332	Mr. Lansing to Mr. Gonzales.	May 9	Political affairs. Legation's No. 444 of Apr. 29. Department approves action in the matter of safe conduct for Zayas.	402

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Wolcott (telegram).	1917 May 10	Same subject. Consulate's May 1. Department giving careful consideration contents your cablegram. Keep Legation at Habana informed as well as Department, of all changes of situation.	402
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Official announcement at Palace to-day of frustration last night of plot blow up President Menocal and American Minister. Details of conspiracy.	402
	Same to same (telegram).	---do---	Same subject. Two so-called generals, a colonel, lieutenant-colonel, and 500 armed men surrendered in the Holguin district of Oriente this morning. Reinforcements due in disturbed Guantanamo-Santiago district May 12.	403
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Same subject. Legation's May 7. Congratulations to Cuban Government in view of proclamation by Cuban Congress of the election of President Menocal and Vice President Nunez.	403
	Mr. Lansing to Mr. Baker.	---do---	Same subject. Property of Americans in Oriente Province threatened by marauding bands. Asks whether it will be possible to despatch to Cuba in the near future an adequate force from the United States Army to aid Government of Cuba in the protection of the sugar properties and in restoring peaceful conditions.	403
	Mr. Lansing to Mr. Gonzales (telegram).	May 11	Same subject. Legation's Apr. 29. No further forces of marines available for duty in Cuba. Does President request that American troops be brought to Guantanamo? Give views as to advisability of the issuance by this Government of a statement that in view of the fact that Cuba has aligned herself with the United States against Germany, people of Cuba should set aside all political differences.	404
	Mr. Gonzales to Mr. Lansing (telegram).	May 13	Same subject. Department's May 11. Suggestion increase of marine force made on statement by naval officer that marines available, also in recognition of numerous appeals from Americans. President does not consider additional United States troops needed. Bandits in Oriente beyond patriotic appeal but believe contemplated statement by Department would strengthen Government.	404

CUBA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Griffith to Mr. Lansing (telegram).	May 14	Same subject. Rebel Generals Vidal, Gonzáles, and Lopez reported to have surrendered yesterday to Government forces with about 2,000 men.	405
336	Mr. Lansing to Mr. Gonzales.	---do---	Same subject. Legation's May 10. Congratulations to Minister and President on fortunate escape from assassination.	405
	Mr. Baker to Mr. Lansing.	---do---	Same subject. War Department prepared to send military expedition to Cuba. Wishes to be advised of number of troops needed. Incloses copy of a statement of General Marti, Chief of Staff of Republic of Cuba, in which he says situation completely under control.	405
	Mr. Lansing to Mr. Gonzales (telegram).	May 15	Same subject. Legation's May 13. Endeavor to have President Menocal to agree to the sending of force of American troops to Guantanamo in order to protect sugar production.	406
	Same to same (telegram).	---do---	Same subject. Quotes statement to be made public whereby the United States Government calls upon all Cubans to put aside all political differences in the view of the grave international danger. The production of sugar must go on, and all those interfering with this production must be considered as enemies.	407
236	Mr. Griffith to Mr. Lansing.	---do---	Same subject. Consulate's May 14. Reported surrender of Generals Vidal, Gonzáles, and Lopez together with 2,300 men confirmed.	408
	Mr. Gonzales to Mr. Lansing (telegram).	May 16	Same subject. Department's May 15. President Menocal reviews situation to show that additional American troops not necessary.	408
	Mr. Lansing to Mr. Gonzales (telegram).	May 17	Protection of American interests. Request protection for the person and property of Irving L. Fisher at Victoria de Las Tunas.	430
	Same to Same (telegram).	May 18	Political affairs. Legation's May 16. Unsettled conditions in Haiti will necessitate the withdrawal of marines in Cuba. War Department will send sufficient force to replace the marines. Explain to President the reason for such action.	409
	Mr. Lansing to Mr. Baker.	---do---	Same subject. Requests that an expedition of two regiments be sent to Cuba to relieve the marines on duty there.	409

CUBA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
60	Mr. Céspedes to Mr. Lansing.	May 21	Same subject. Menocal and Nunez assumed the offices of President and Vice President yesterday.	410
	Mr. Gonzales to Mr. Lansing (telegram).	May 23	Same subject. Reports from all over the country show orderly celebration of May 20th. Immense crowds joined in the celebration of inauguration. No activities by insurgents or bandits anywhere to-day.	410
152	Mr. Lansing to Mr. Céspedes.	May 25	Same subject. Congratulations and best wishes of the United States Government to their Excellencies, Messrs. Menocal and Nunez for the success of their administration.	410
	Mr. Lansing to Mr. Gonzales (telegram).	---do---	Protection of American interests. Department advised that bandits have looted Central San Antonio, Guantanamo, and have taken cash and goods from stores. Investigate matter and if property in question is that of American citizens, request adequate protection.	430
	Mr. Gonzales to Mr. Lansing (telegram).	---do---	Same subject. Reports to Department appear disingenuous. Miranda mill not yet built. Palmarita stopped account rains. Also grinding at Palma. No rebel activity reported that section except surrenders.	431
	Same to same (telegram).	June 3	Political affairs. Department's June 2. Having expressed himself as reported in Legation's May 16, President said nothing to announcement of troops being sent to relieve marines. Conditions have improved since inauguration and nothing to indicate Government needs assistance.	411
	Mr. Lansing to Mr. Gonzales (telegram).	June 12	Cuban Ports Co. Instructs to say to President Menocal that the present time seems to be opportune for the settlement of this long-standing question, and would help to eliminate friction between Cuba and the United States and Great Britain.	453
459	Mr. Gonzales to Mr. Lansing.	June 18	Political affairs. Reports upon general conditions in Cuba.	411
471	Same to same. ----	July 3	Cuban Ports Co. President Menocal expressed himself anxious to reach a settlement of the case. Incloses copy of the President's message to the Congress asking authority to settle the matter.	453

CUBA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Polk to Mr. Gonzales (telegram).	1917 July 12	Political affairs. Department's May 18. United States contemplates sending troops to relieve marines but wishes to take this action with President Menocal's full understanding. Reasons for wishing to send troops.	412
	Mr. Gonzales to Mr. Lansing (telegram).	July 14	Same subject. Department's July 12. President gives his cordial approval to the sending of troops. Offers United States sites for training camps in other parts of Cuba.	412
	Same to same (telegram).	--- do ---	Cuban Ports Co. The Cuban Congress adjourned yesterday and was immediately convened in extra session to act on the Cuban Ports Co. matter.	455
	Same to same (telegram).	July 24	Same subject. The House passed the Senate bill authorizing the President to settle the case.	455
	Mr. Polk to Mr. Gonzales (telegram).	July 26	Same subject. Instructs to congratulate the President upon having been authorized to settle the matter.	455
	Mr. Gonzales to Mr. Lansing (telegram).	July 27	Same subject. The President will appoint a commission consisting of the Chief Justice, The President of the Senate, and the Secretary of the Treasury to discuss claims with representatives of the company and to report to him.	455
90	Mr. Céspedes to Mr. Lansing.	Aug. 10	Political affairs. Incloses copy of autographed letter written to Mr. Wilson by Mr. Menocal announcing his assumption of office of President of Cuba.	412
167	Mr. Lansing to Mr. Céspedes.	Aug. 15	Same subject. Acknowledges the receipt of Legation's note of Aug. 10. Reply of President Wilson will shortly be transmitted to President Menocal through the American Minister at Habana.	413
394	Mr. Lansing to Mr. Gonzales.	Sept. 6	Same subject. Incloses letter addressed by President Wilson to his Excellency Mario G. Menocal acknowledging the receipt of his letter of May 20 last and expressing best wishes for his personal welfare and for the prosperity of Cuba.	413
	Mr. Gonzales to Mr. Lansing (telegram).	Oct. 6	Cuban Ports Co. case. The President and the commission have offered settlement by which Cuba pays for bonds and transfers assets of company to stockholders.	456
	Same to same (telegram).	Oct. 12	Same subject. Reports in detail satisfactory settlement of the case.	456

DENMARK

No.	From and to whom	Date	Subject	Page
	Mr. White to Mr. Hay (telegram).	1899 Dec. 22	Negotiations for the purchase of the Danish West Indies. I. Negotiations for the Treaty of Jan. 24, 1902. Briefly sketches financial situation of the islands.	457
	Same to same-----	Dec. 23	Same subject. Accompanied by Christmas, I called on Minister of Marine, who states that Denmark is willing to sell. I believe that an offer of \$3,500,000 would be acceptable. Incloses reports on condition of islands.	457
86	Mr. Hay to Mr. Swenson.	1900 Jan. 29	Same subject. Time appears opportune to reopen negotiations for purchase of Danish West Indies. Incloses copy of proposed convention to that end.	462
	Same to same (telegram).	Feb. 3	Same subject. You will be prepared to act upon instructions mailed to you on the 30th, proposing purchase of Danish West Indies.	465
	-----do-----	Feb. 19	Same subject. It is very desirable that convention be signed here, instead of in Copenhagen.	465
150	Mr. Swenson to Mr. Hay.	Feb. 22	Same subject. Recounts interviews with members of Ministry on reopening negotiations, and incloses note to Admiral Ravn.	465
151	Same to same-----	Feb. 28	Same subject. Incloses note from the Minister for Foreign Affairs in reply to his note of the 20th to him.	469
	Mr. Hay to Mr. Swenson (telegram).	Mar. 12	Same subject. Invite from Minister for Foreign Affairs statement of changes desired and telegraph in full.	470
158	Mr. Swenson to Mr. Hay.	Mar. 17	Same subject. Confirms and incloses copies of recent correspondence. Ministry has resigned, but it will not affect negotiations.	470
166	Same to same-----	May 4	Same subject. Schested no longer opposed to sale; it is believed that the King, although adversely influenced, will interpose no obstacles.	471
172	-----do-----	June 20	Same subject. Conditions now more favorable for negotiations: Ministry no longer opposed, and popular agitation is disappearing. Incloses note from Minister for Foreign Affairs.	472
109	Mr. Hay to Mr. Swenson.	Nov. 16	Same subject. Treating at length with the wishes of Denmark regarding the nationality of inhabitants, customs regulation, obligations, and compensation.	474

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1900		
	Mr. Swenson to Mr. Hay (telegram).	Nov. 27	Same subject. Article III, amended convention, unchanged. Also discrepancy in sums given. Cable corrections.	478
	Mr. Hay to Mr. Swenson (telegram).	Nov. 28	Same subject. Three and one quarter millions is lesser alternative. Giving text of clause to be included in Article III, if Denmark wishes islanders to be on footing of Porto Ricans.	478
185	Mr. Swenson to Mr. Hay.	Nov. 29	Same subject. Confirms recent correspondence. Your instructions followed.	478
		1901		
	Mr. Hay to Mr. Swenson (telegram).	Feb. 16	Same subject. What progress in negotiations for islands?	479
190	Mr. Swenson to Mr. Hay.	Feb. 23	Same subject. Incloses note from Minister of Foreign Affairs, suggesting changes in draft of convention.	479
193	Same to same-----	Mar. 11	Same subject. Gives a <i>résumé</i> of the situation with regard to the negotiations.	481
111	Mr. Hay to Mr. Swenson.	Mar. 26	Same subject. Setting forth changes in text of convention, article by article.	483
	Same to same (telegram).	Mar. 27	Same subject. New draft goes to you by <i>Oceanic</i> to-day. Advise Minister for Foreign Affairs.	488
200	Mr. Swenson to Mr. Hay.	Apr. 8	Same subject. Incloses copy of Legation's note to Minister for Foreign Affairs.	488
201	Same to same-----	Apr. 16	Same subject. Incloses Minister's of Foreign Affairs reply to Legation's No. 119, in which he acknowledges receipt of new draft.	489
212	-----do-----	Aug. 8	Same subject. Incloses note under date June 29 from Minister of Foreign Affairs, in which he discusses the new draft.	490
128	Mr. Adeo to Mr. Swenson.	Sept. 10	Same subject. Incloses copy of new draft of treaty, embodying all accepted suggestion of Denmark.	493
220	Mr. Swenson to Mr. Hay.	Oct. 3	Same subject. Acknowledges receipt of Department's No. 128. Amended draft, therein inclosed, was handed to Minister for Foreign Affairs.	495
221	Same to same-----	Oct. 4	Same subject. Ministry unable to dispose of obligations to sugar factories satisfactorily. We will have to offer another million to bring negotiations to close.	495
	Mr. Hay to Mr. Swenson (telegram).	Oct. 18	Same subject. Represent to Denmark need for deciding treaty matter at once. Will offer of quarter million more conclude matter?	496

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Swenson to Mr. Hay (telegram).	1901 Oct. 23	Same subject. Concessions on points of difference and increase of compensation essential to conclusion of treaty.	496
227	Same to same-----	Oct. 24	Same subject. Ministry taking advantage of America's anxiety to get islands. Liberal money offer essential.	497
230	-----do-----	Nov. 11	Same subject. Draft, as amended by Ministry, suggests changes in Article III, and increases price to \$5,000,000.	498
	Same to same (telegram).	Nov. 26	Same subject. My advice accept "no responsibility" clause and reject "with a view" part. Delay dangerous.	499
231	Same to same-----	Nov. 27	Same subject. Rigsdag will not accept treaty that does not exempt Denmark from obligations to island companies, etc. We must make concessions.	499
	Mr. Hay to Mr. Brun.	Dec. 3	Same subject. Contains suggested final clause in Article IV.	500
	Same to same-----	Dec. 4	Same subject. Incloses revised text of convention.	500
	Mr. Hay to Mr. Swenson (telegram).	Dec. 17	Same subject. Remind Minister for Foreign Affairs that treaty should be signed before Thursday, if possible, as Senate adjourns that day.	501
	Mr. Swenson to Mr. Hay (telegram).	Dec. 18	Same subject. Treaty must be laid before King and Folkething Finance Committee before signed. Rigsdag favors plebiscite.	501
234	Same to same-----	Dec. 19	Same subject. Minister for Foreign Affairs unable to expedite matters.	501
235	-----do-----	Dec. 21	Same subject. Gives a review of present situation. Opposition meeting held, at which demand for plebiscite was expressed.	502
236	-----do-----	Dec. 27	Same subject. Incloses copy of petition, for plebiscite in islands, which is to be presented to King, Ministry, and Rigsdag. Opponents of sale behind move.	504
	Mr. Brun to Mr. Hay.	Dec. 27	Same subject. It is desired that simultaneously with the signature of the treaty a note be sent declaring that United States Government will not support any claim against Denmark by private parties; requests that draft be sent for transmission to Minister of Foreign Affairs.	505
	Mr. Hay to Mr. Brun.	Dec. 30	Same subject. Incloses draft of note to be sent to him upon signing of formal treaty.	506

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Swenson to Mr. Hay (telegram).	1902 Jan. 2	Same subject. Hold Minister for Foreign Affairs to agreement to sign treaty with understanding that no plebiscite will be ordered.	506
237	Same to same-----	---do---	Same subject. If Minister does not yield, demand for plebiscite will disappear.	506
	Mr. Brun to Mr. Hay.	Jan. 7	Same subject. Present three alternatives to the United States, the object of them all being the holding of a plebiscite in the islands.	507
366	Mr. Hay to Mr. Brun.	Jan. 9	Same subject. This Government regards question of plebiscite as matter concerning Denmark alone.	508
	Mr. Swenson to Mr. Hay (telegram).	Jan. 15	Same subject. Brun advises Minister Foreign Affairs to order plebiscite before signing treaty. Press for immediate signature.	510
239	Same to same-----	---do---	Same subject. Petition was presented to King; it has not made the impression expected.	510
	Mr. Hay to Mr. Swenson (telegram).	---do---	Same subject. Danish Minister informed that this Government could neither assent nor object to plebiscite. The signature of treaty would seem to be next step.	511
	Mr. Swenson to Mr. Hay (telegram).	Jan. 16	Same subject. Full power to sign will be cabled soon as possible.	512
240	Same to same-----	Jan. 18	Same subject. When informed that this Government believed question of plebiscite to be purely concern of Denmark, Minister for Foreign Affairs stated that no further obstacles to signing appeared.	512
	Mr. Brun to Mr. Hay.	Jan. 23	Same subject. I have been authorized to sign the convention for the cession of the Danish West India Islands to the United States; your draft note satisfactory to my government.	513
	-----	Jan. 24	Same subject. Text of treaty ----	514
369	Mr. Hay to Mr. Brun.	---do---	Same subject. This Government is under no obligation to private parties in reaching present agreement with Denmark.	517
243	Mr. Swenson to Mr. Hay.	Jan. 31	Same subject. Incloses note from Minister for Foreign Affairs, advising that Mr. Brun has been authorized to sign the treaty.	517
137	Mr. Hay to Mr. Swenson.	Feb. 19	Same subject. Senate has ratified treaty.	518
	Mr. Brun to Mr. Hay.	Feb. 22	Same subject. Error has been detected in Danish text of convention; hopes he will consent to change without formality of signing entirely new copies.	518

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1902		
386	Mr. Hay to Mr. Brun.	Feb. 24	Same subject. In acknowledgment of yours of the 22d; the omitted words have been inserted.	519
246	Mr. Swenson to Mr. Hay.	Mar. 5	Same Subject. Treaty has been referred to Landstthing.	520
248	Same to same. ----	Mar. 22	Same subject. Folkething has ratified treaty; opponents massing to defeat it in Landstthing.	521
	Mr. Dalzell to Mr. Hay.	Mar. 31	Same subject. Submits alleged report of Capt. W. Christmas Holmfeld to Danish Government relative to purchase of Danish West Indies.	522
	Mr. Hay to Mr. Dalzell.	Apr. 3	Same subject. Reports interview with Captain Christmas at the Department.	523
252	Mr. Swenson to Mr. Hay.	Apr. 14	Same subject. Incloses letter from Christmas. Landstthing will hold vote on treaty in two or three days.	523
	Mr. Brun to Mr. Hay.	Apr. 18	Same subject. Points out error in treaty interpretation found in Department's memo to Foreign Relations Committee of Senate.	526
	Memorandum. ----	-----	Same subject. Department memo supporting Mr. Brun's contention.	527
	Mr. Swenson to Mr. Hay (telegram).	May 2	Same subject. Department's memo Foreign Relations Committee may cause rejection treaty. Cable explanation.	528
	Mr. Hay to Mr. Brun.	May 3	Same subject. In confirmation of this morning's statement to effect this Government agrees with interpretation of treaty set forth in yours of Apr. 18.	528
	Mr. Hay to Mr. Swenson (telegram).	---do---	Same subject. Danish Minister informed that this Government agrees with Denmark in accepting Mr. Brun's interpretation of treaty.	528
255	Mr. Swenson to Mr. Hay.	May 6	Same subject. Explaining circumstances which caused cable of May 2.	529
	Same to same (telegram).	May 16	Same subject. Folkething adopted majority and Landstthing minority report; this precludes ratification this session. Cable you are willing to extend time.	530
	Mr. Hay to Mr. Swenson (telegram).	May 17	Same subject. Is willing to sign protocol extending time for ratification.	531
	Same to same (telegram).	May 19	Same subject. Propose extension of one year of ratification period.	531
257	Mr. Swenson to Mr. Hay.	May 22	Same subject. Lengthy review of situation, inclosing report of conference committee.	531

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Brun to Mr. Hay.	1902 May 30	Same subject. Having received authorization to sign protocol extending time for ratification, I am at your disposal for further agreement.	536
258	Mr. Swenson to Mr. Hay.	June 2	Same subject. King has consented to extension of time limit for ratification of treaty. Minister asked for written assurance that United States would not take islands until money was paid.	537
410	Mr. Hay to Mr. Brun.	June 3	Same subject. Acknowledges his note of May 30, and incloses draft of protocol.	538
	Same to same -----	June 3	Same subject. In re conversation some days ago, I am inclosing memorandum.	539
	Mr. Brun to Mr. Hay.	June 4	Same subject. Accepts text of supplementary convention, and offers to sign at any convenient time.	539
260	Mr. Swenson to Mr. Hay.	---do---	Same subject. Forwards under separate cover copies of documents relating to ratification of treaty.	539
411	Mr. Hay to Mr. Brun.	June 6	Same subject. I shall be pleased to sign protocol with you on June 7, at 10 o'clock.	540
149	Mr. Hay to Mr. Swenson.	June 12	Same subject. Protocol extending time ratification signed June 7.	
150	Same to same -----	June 16	Same subject. Senate ratified protocol on June 13.	
	Mr. Hay to Mr. Brun.	---do---	Same subject. This Government will not take possession of the islands until stipulated sum is paid.	
	Mr. Swenson to Mr. Hay (telegram).	Oct. 22	Same subject. Treaty failed ratification Landsthing by tie vote.	
280	Same to same -----	Oct. 28	Same subject. Reports on the rejection of the treaty.	541
282	---do-----	Nov. 3	Same subject. Quotes translation of essential parts of speech delivered by Premier and Minister of Foreign Affairs Deuntzer in the Folkething, on rejection of treaty ceding Danish West Indies to the United States.	544
		1905		
69	Mr. Payne to Mr. Pierce.	June 5	Same subject. II. Informal discussions. Hamburg-American Steamship Co., a German organization, has apparently absorbed the West India Co.; Germany's interests strong.	545
5	Mr. O'Brien to Mr. Hay.	June 30	Same subject. Minister for Foreign Affairs says his Government made mistake in failing to ratify treaty; islands continual financial burden.	546

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1905		
6	Mr. O'Brien to Mr. Adee.	July 3	Same subject. Incloses copy of item mentioned in his of 30th ultimo.	546
4	Mr. Adee to Mr. O'Brien.	July 15	Same subject. Legation's report that the question of the purchase of West Indies will come up again at the next session of Congress is erroneous; treaty is dead on account lapse of extended time for exchange of ratifications.	546
5	Same to same-----	July 19	Same subject. Supplementing Department's No. 4 ascertain whether Danish Government is now inclined to ratify a treaty.	547
15	Mr. O'Brien to Mr. Root.	Aug. 11	Same subject. Further conference had with Foreign Minister who believes that time is not opportune for renewing negotiations.	547
18	Same to same-----	Aug. 16	Same subject. Incloses translation of article published in Danish newspaper; please send in general way facts concerning island referred to in my No. 15.	548
41	Mr. Adee to Mr. Payne.	Sept. 2	Same subject. Department is in receipt of advices from representatives in Copenhagen confirming reports of the absorption of the Danish West India Co.; watch situation and report.	549
	Mr. O'Brien to Mr. Root.	Oct. 19	Same subject. Incloses clipping from <i>Chicago Tribune</i> dealing with subject in question; nothing new has occurred.	549
	Same to same-----	Oct. 20	Same subject. At interview with President of West India Co. I was informed that Water Island is owned by his company; probable that his company will continue in service.	549
34	-----do-----	Oct. 23	Same subject. Incloses translation of article appearing in <i>Hamburger Nachrichten</i> on the 18th, which expresses German resentment at suspiciousness of Americans.	550
45	Mr. Lorillard to Mr. Root.	Nov. 24	Same subject. Matter of alleged sale of Water Island is being carefully watched by foreign representatives here; German Government denies participation and further the alleged sale has not taken place.	551
50	Same to same-----	Dec. 1	Same subject. Tariff in West Indies will probably be increased from 3 per cent to 6 per cent.	552
57	-----do-----	Dec. 16	Same subject. Bill is introduced in the Folkething providing for increase in tariff; also other reform bills.	553

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
60	Same to same-----	1905 Dec. 19	Same subject. Incloses copy of bill presented to Folkething proposing change in tariff.	553
173	Mr. O'Brien to Mr. Root.	1907 May 29	Same subject. Incloses correspondence passing between himself and Foreign Minister relative to the sale of the islands.	554
176	Same to same-----	May 30	Same subject. Interview with Foreign Minister discloses fact that Danish Government will not ratify a treaty for the sale.	556
	Mr. Egan to Mr. Root.	1909 Apr. 17	Same subject. Denmark's financial affairs in a deplorable condition; may consent to sell islands.	557
	Mr. Egan to Mr. Adee.	July 19	Same subject. Time will come when it will be expedient to open question of Danish Antilles; if I may have leave in September will bring along with me Captain Cold, late Governor of the Islands, who has much information on subject.	557
	Mr. Egan to Mr. Knox.	Aug. 9	Same subject. Reports on present state of Danish politics and finances speaking of de Richelieu as being the most important man in Denmark.	557
324	Same to same-----	1910 July 15	Same subject. Reports on political conditions.	559
	Mr. Egan to Mr. Wilson.	Sept. 20	Same subject. Incloses <i>résumé</i> and synthesis of propositions implying cession of Mindanao to Denmark and Greenland and West Indies to United States.	561
367	Mr. Egan to Mr. Knox.	Dec. 6	Same subject. Tendency towards sale of islands is growing; would be useless to approach the subject at Foreign Office until public opinion is more formed.	564
111	Mr. Knox to Mr. Egan.	1911 Jan. 25	Same subject. Keep Department fully informed with regard to matter mentioned in your 367.	565
444	Mr. Egan to Mr. Knox.	July 21	Same subject. Incloses report on present condition of Danish West Indies from Danish viewpoint. It is not yet time to open negotiations.	566
448	Same to same-----	Aug. 23	Same subject. Incloses newspaper clipping and translation of same which appeared in Copenhagen newspaper on subject of sale of Danish West India Islands.	573

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
464	Same to same-----	1911 Nov. 2	Same subject. Incloses translation of article published in <i>Social-Demokraten</i> discussing efforts of Germany to obtain foothold in America and possibility of canal to be built by Germany in competition with Panama Canal.	575
476	-----do-----	Nov. 14	Same subject. Danish Minister of Foreign Affairs during conversation says Denmark will remain neutral; discussed generally the sale of the islands.	577
478	-----do-----	Nov. 15	Same subject. Incloses clippings from Danish papers discussing sale and agricultural and financial condition of West Indies.	578
694	Mr. Egan to Mr. Bryan.	1913 May 27	Same subject. Supplements report made on Danish West Indies, incloses translation of article written by former Governor of Danish Antilles.	580
833	Same to same-----	1915 Mar. 8	Same subject. III. Negotiations for the Treaty of Aug. 4, 1916. Suggests a reopening of negotiations for the purchase of the islands.	588
850	-----do-----	May 24	Same subject. In unofficial conversation with Minister of Foreign Affairs, he agreed that transfer of islands is to be desired.	590
27	Mr. Lansing to Mr. Egan (telegram).	June 16	Same subject. Department approves plan suggested in your No. 833. You may discreetly approach proper officials.	591
867	Mr. Egan to Mr. Lansing.	July 17	Same subject. In interview with Governor of Danish West Indies, he admitted present conditions are not good, but is opposed to sale.	592
37	Mr. Lansing to Mr. Egan (telegram).	Aug. 10	Same subject. Department suggests you speak to Minister Foreign Affairs to ascertain whether Denmark would negotiate.	593
870	Mr. Egan to Mr. Lansing.	Aug. 18	Same subject. In confidential talk with Minister of Foreign Affairs, he intimated that if offer made was generous and just, it would be favorably considered.	593
168	Same to same (telegram).	Aug. 19	Same subject. In interview with Minister of Foreign Affairs, he stated that he favored sale, on good offer, but immediate action would seem strange because of war.	595
173	-----do-----	Sept. 16	Same subject. It is evident that Danish Government will soon need money.	595

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1915		
185	Same to same (telegram).	Nov. 8	Same subject. Understood Danish socialists behind Jackson's uprising. Government dispatching <i>Valkyrian</i> . Sentiment in favor sale growing fast.	595
254	Mr. Lansing to Mr. Egan.	Nov. 9	Same subject. Danish Minister states that due to Panama Canal, islands worth more now, and Denmark would hesitate to part with commercial advantages. I assured him that could be arranged by treaty.	596
889	Mr. Egan to Mr. Lansing.	Nov. 19	Same subject. British Minister states that his Government would not object to sale; nor is there any sign of German opposition.	596
		1916		
207	Same to same (telegram).	Jan. 8	Same subject. Probably our last opportunity purchase islands. Denmark frightened by increasing expenditures; needs money.	598
67	Mr. Lansing to Mr. Egan (telegram).	Jan. 10	Same subject. Department will consider offer of sale for sum of \$25,000,000, although not agreeing to pay this amount.	598
	Mr. Lansing to Mr. Brun.	Jan. 29	Same subject. Requests statement of Danish obligations and rights in the islands.	598
	Same to same -----	-----do-----	Same subject and tenor -----	599
	Mr. Brun to Mr. Lansing.	Feb. 7	Same subject. Information regarding Danish obligations in islands due Feb. 6 on S. S. <i>Fred-erik VIII</i> .	599
910	Mr. Egan to Mr. Lansing.	Feb. 21	Same subject. Mr. Hagamann, who has great interests in St. Croix, desires sale, and believes it can be effected if price set is high.	600
220	Same to same (telegram).	Feb. 23	Same subject. Minister Foreign Affairs pressing for action on West Indies proposition.	601
	Mr. Zabriskie to Mr. Carr.	Feb. 24	Same subject. Reports on laborer's strike in St. Croix and status of West Indian Co.	601
88	Mr. Polk to Mr. Egan (telegram).	Mar. 14	Same subject. Gives draft of treaty to be submitted to Foreign Minister.	604
227	Mr. Egan to Mr. Lansing (telegram).	Mar. 20	Same subject. Foreign Office states brief summary impossible owing to numerous amendments. Where should missing words "Article III" be inserted in draft?	607
89	Mr. Polk to Mr. Egan (telegram).	Mar. 21	Same subject. Words "Article III" occur after "parsonages appertaining thereto".	608
92	Mr. Lansing to Mr. Egan (telegram).	Mar. 27	Same subject. This Government will assume all legal liabilities under Article III if treaty can be signed at once.	608

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1916		
915	Mr. Egan to Mr. Lansing.	Mar. 27	Same subject. Incloses copies of original documents referred to in Department's instruction No. 88.	608
230	Same to same (telegram).	Mar. 30	Same subject. Foreign Minister afraid Germany would misinterpret Denmark's motives if negotiations were made public.	616
917	Same to same. ----	Apr. 10	Same subject. Further word with Foreign Office convinces me that delay caused by rumors of friction between United States and Germany.	616
238	Same to same (telegram).	Apr. 23	Same subject. Received Danish <i>contre projet</i> . Shall I cable synopsis?	617
99	Mr. Lansing to Mr. Egan.	Apr. 24	Same subject. Cable complete <i>contre proposition</i> .	617
240	Mr. Egan to Mr. Lansing (telegram).	Apr. 27	Same subject. Gives full text of Danish <i>contre projet</i> ; points out that but small difference exists between that and American project.	617
107	Same to same (telegram).	May 23	Same subject. Foreign Minister thinks time ripe for presentation island question here, and that United States will not object to Greenland project.	622
110	Mr. Lansing to Mr. Egan (telegram).	June 9	Same subject. States in what points United States objects to <i>contre projet</i> , treating it article by article.	622
267	Mr. Egan to Mr. Lansing (telegram).	June 29	Same subject. Will cable Foreign Office's suggestions on question of draft; Danish Government requests secrecy be maintained.	625
268	Same to same (telegram).	June 30	Same subject. Gives Danish new counter project; concession is made to most of United States' demands.	625
937	Same to same. ----	July 4	Same subject. Incloses copies of concessions granted by Denmark in the Danish West Indies.	627
	Mr. Brun to Mr. Polk.	July 18	Same subject. Incloses new Danish draft of convention with attached memorandum commenting on same.	634
	Mr. Polk to Mr. Brun (telegram).	July 27	Same subject. Please telegraph what words "capitals allotted to the churches" mean.	640
	Mr. Brun to Mr. Lansing (telegram).	July 28	Same subject. Words referred to mean sums of money set aside for use of churches.	641
	Mr. Brun to Mr. Polk (telegram).	July 29	Same subject. Danish Government wishes to receive formal statement from you to effect you accept Greenland proposal, before sending me full powers.	641
	Mr. Polk to Mr. Brun (telegram).	July 31	Same subject. Greenland proposal is accepted. Gives in detail minor changes in wording.	641

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1916		
	Mr. Zabriskie to Mr. Carr.	July 31	Same subject. Quotes comments printed in West Indian papers on sale.	642
	-----	Aug. 4	Same subject. Declaration concerning Greenland.	700
286	Mr. Egan to Mr. Lansing (telegram).	Aug. 5	Same subject. Meeting of Ministers and representatives of all parties in Rigsdag yesterday was communicated to papers; they took various attitudes toward sale.	643
142	Mr. Polk to Mr. Egan (telegram).	---do---	Same subject. Treaty signed yesterday. Further information desired relative to harbor concession to West Indian Co.	643
143	Same to same (telegram).	---do---	Same subject. Blame for premature publicity does not rest on this Government, as stories published all came from Copenhagen.	644
	Mr. Polk to Mr. Payne (telegram).	---do---	Same subject. Please report character and extent of each monopoly that does not arise from direct concession of Denmark.	644
287	Mr. Egan to Mr. Lansing (telegram).	Aug. 7	Same subject. Evident our Government not responsible for publicity. For months rumors of sale were current here.	645
289	Same to same (telegram).	---do---	Same subject. Foreign Office informs me first publicity came from Ambassador Jusserand to Minister Bapst, who opposes American policy in purchase.	645
	Mr. Polk to President Wilson.	---do---	Same subject. Submits treaty to President.	645
291	Mr. Egan to Mr. Lansing (telegram).	Aug. 8	Same subject. Foreign Office informs me there are no documents setting forth more definitely rights of West India Co. than two of Jan. 18 and Apr. 16, 1913.	646
	Mr. Polk to Mr. Brun (telegram).	---do---	Same subject. Treaty transmitted by President to Senate today.	646
943	Mr. Egan to Mr. Lansing.	Aug. 9	Same subject. Incloses copies of letters referred to in Legation's telegram 293, Aug. 10.	646
293	Same to same (telegram).	Aug. 10	Same subject. Summary of letters of Oct. 2, 11, and 14, 1912, and of Jan. 6, 1913, all relative to the harbor concession.	649
146	Mr. Lansing to Mr. Egan (telegram).	Aug. 11	Same subject. Obtain statement from Danish Government that harbor concession was annulled in 1913. How long is West Indian Co. entitled to hold concession? Does it carry exclusive rights?	650
325	Mr. Payne to Mr. Lansing.	Aug. 14	Same subject. Gives report on monopolies in Danish West Indies. Hostile attitude of Governor was a handicap in getting the information. Incloses ordinance in re subsidies to telephone company.	650

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
303	Mr. Egan to Mr. Lansing (telegram).	1916 Aug. 15	Same subject. Andersen, representative of West India Co. asserts that concession lapsed and became commercial grant to his corporation, without monopoly or set period of time.	654
306	Same to same (telegram).	Aug. 16	Same subject. Gives reply of Finance Minister to question whether harbor concession was canceled.	655
946	Same to same-----	Aug. 17	Same subject. Incloses translation of ordinance of Apr. 1, 1913, in re duty exemption on harbor improvement materials.	656
150	Mr. Lansing to Mr. Egan (telegram).	Aug. 18	Same subject. Senate Committee makes certain inquiries relating to Art. 2 of Danish treaty; obtain information and telegraph earliest possible moment.	656
318	Mr. Egan to Mr. Lansing (telegram).	Aug. 21	Same subject. Minister of Foreign Affairs answers questions asked by Senate Committee regarding churches mentioned in Department's 150.	657
320	Same to same (telegram).	---do---	Same subject. Answers Department's 150. Minister for Foreign Affairs is instructing Government of the islands to furnish further information to Danish Minister at Washington.	657
	Mr. Lansing to Mr. Brun (telegram).	---do---	Same subject. Please telegraph meaning of "Government's own balance being" contained in your note of March 2.	658
153	Mr. Lansing to Mr. Egan (telegram).	Aug. 22	Same subject. Legation's 318. If clause in Art. II regarding churches contemplates that this Government shall assist in maintenance of churches it will be impossible to make treaty effective; please clear up this point.	658
	Mr. Brun to Mr. Lansing (telegram).	---do---	Same subject. Paragraph mentioned in Department's Aug. 21 has been incorrectly translated; gives correct translation.	658
	Mr. Lansing to Mr. Brun (telegram).	---do---	Same subject. Am I to understand that the Danish West Indies is debtor to the Danish Government in sum of two amounts mentioned?	659
	Mr. Lansing to Mr. Stone.	---do---	Same subject. Incloses summary memorandum in answer to Mr. Stone's inquiry for information regarding certain articles contained in proposed treaty.	659
	Mr. Brun to Mr. Lansing (telegram).	Aug. 23	Same subject. Reference your second telegram Aug. 22; my understanding of paragraph in question is the same as yours.	665

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
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155	Mr. Lansing to Mr. Egan (telegram).	Aug. 24	Same subject. No official of Department has made statement of kind indicated in your 323; use this information in your discretion to counteract any impression that treaty may not be ratified.	666
323	Mr. Egan to Mr. Lansing (telegram).	---do---	Same subject. Reference your 153 of Aug. 22. Danish Government does not expect United States to assume responsibility for church funds; there is no objection to an exchange of notes.	666
325	Same to same (telegram).	---do---	Same subject. Quotes note received from Foreign Office with reference to maintenance of churches.	666
326	Same to same (telegram).	---do---	Same subject. Foreign Minister informs me in writing of the condition of the various churches.	667
	Mr. Payne to Mr. Lansing (telegram).	Aug. 25	Same subject. By order Colonial Council, Governor petitions Copenhagen for immediate sale of islands.	667
328	Mr. Egan to Mr. Lansing (telegram).	---do---	Same subject. Order of the day in Upper House suggests question be decided by Parliament elected in accordance with new constitution; majority in favor; spokesman of the Left, which forms main opposition to sale, is convinced that result of new election will be the sale of the islands.	667
329	Same to same (telegram).	---do---	Same subject. Gives résumé of four letters from Ministry of Finance relating to St. Thomas harbor concession in answer to Department's inquiry 150, Aug. 18.	668
	Mr. Brun to Mr. Lansing.	---do---	Same subject. Incloses for inspection full power by which he was authorized to sign treaty for Danish Government.	670
330	Mr. Egan to Mr. Lansing (telegram).	Aug. 26	Same subject. Foreign Minister says postponement of question until after war would be in contravention of conditions of treaty; we will insist on new election.	670

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DENMARK—Continued

No.	From and to whom	Date	Subject	Page
331	Same to same (telegram).	1916 Aug. 26	Same subject. Your 155. On account of rumors current here that United States is putting undue pressure on Denmark for cession of islands within time limit I have been obliged to say authoritatively that there is no pressure.	671
949	Same to same-----	Aug. 31	Same subject. Transmits copies and translations of four letters referred to in Legation's telegram 329, Aug. 25.	671
339	Same to same (telegram).	Sept. 4	Same subject. There is no doubt of the ratification of the treaty in November.	674
	Mr. Lansing to Mr. Brun (telegram).	Sept. 8	Same subject. Treaty was ratified by the Senate yesterday.	674
	Mr. Brun to Mr. Lansing (telegram).	---do---	Same subject. Congratulations upon ratification of treaty by the Senate.	674
164	Mr. Lansing to Mr. Egan (telegram).	Sept. 9	Same subject. Quotes form of note to be exchanged with the Danish Minister concerning property of the Danish National Church in the islands.	675
	Mr. Lansing to Mr. Brun.	Sept. 11	Same subject. Incloses copy of above telegram.	676
342	Mr. Egan to Mr. Lansing (telegram).	Sept. 14	Same subject. The Danish Government accepts the understanding as to the meaning of the provisions of the treaty concerning the Church in the islands.	676
167	Mr. Lansing to Mr. Egan (telegram).	Sept. 15	Same subject. Department prefers that notes be exchanged at Washington.	677
	Mr. Lansing to Mr. Brun (telegram).	---do---	Same subject. Department has telegraphed to the Minister at Copenhagen to ask the Danish Government to telegraph text of note to you.	677
	Mr. Brun to Mr. Lansing.	Sept. 16	Same subject. Will advise the Department as soon as Danish text of note is received.	677
352	Mr. Egan to Mr. Lansing (telegram).	Sept. 26	Same subject. Recites privileges of the West India Co. in the islands.	678
959	Same to same-----	Sept. 27	Same subject. Transmits a memorandum from the Minister of Finance concerning the privileges of the West India Co. at St. Thomas.	678
356	Same to same (telegram).	Sept. 29	Same subject. It has been decided to hold a referendum in the islands.	680
360	Same to same-----	Oct. 1	Same subject. Quotes addresses of the Prime Minister and the President of the Parliamentary Committee in the Lower House.	681
	Mr. Brun to Mr. Lansing.	Oct. 2	Same subject. The question of the cession of the islands will be submitted to a special commission and to a plebiscite.	681

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
1916				
364	Mr. Egan to Mr. Lansing (telegram).	Oct. 5	Same subject. The special committee has sent for the West India colonial boards for conference. The plebiscite may not be held.	682
	Mr. Brun to Mr. Lansing.	Oct. 6	Same subject. Incloses Danish text of the notes to be exchanged.	682
	Mr. Lansing to Mr. Brun.	Oct. 10	Same subject. Requests to be advised for what period Mr. Svendsen holds his concession.	684
	Same to same-----	Oct. 12	Same subject. It seems best to defer exchange of notes until the exchange of the ratifications of the treaty.	684
370	Mr. Egan to Mr. Lansing (telegram).	Oct. 18	Same subject. The referendum is expected to be held Dec. 13 or 14 next.	684
	Mr. Brun to Mr. Lansing.	Oct. 19	Same subject and tenor-----	685
	Mr. Lansing to Mr. Brun.	Oct. 24	Same subject. The Consul at St. Thomas reports the sentiment of the inhabitants is in favor of the cession of the islands.	685
377	Mr. Egan to Mr. Lansing (telegram).	Nov. 10	Same subject. The Commission has decided to hold the plebiscite on Dec. 14 next.	686
388	Same to same (telegram).	Nov. 25	Same subject. The West India Committee has made majority and minority reports for and against the sale of the islands. Majority urges sale of islands.	686
979	Same to same-----	Dec. 6	Same subject. Incloses a synopsis of the final statement of the Danish Parliamentary Commission on the sale of the islands.	686
397	Same to same (telegram).	Dec. 15	Same subject. Result of plebiscite is in favor of the sale.	687
401	-----do-----	Dec. 20	Same subject. The Lower House voted to-day for ratification of the treaty.	688
402	-----do-----	Dec. 21	Same subject. Upper House voted to-day for ratification.	688
405	-----do-----	Dec. 22	Same subject. The treaty was ratified to-day by the King.	688
	Mr. Brun to Mr. Lansing.	---do---	Same subject. Advises of the ratification of the treaty.	688
	Same to same-----	Dec. 29	Same subject. Informs that he has received authority to exchange the notes in regard to church property.	688
1917				
	-----	Jan. 3	Same subject. Exchange of notes concerning funds and property of the Danish National Church in the Danish West Indies.	701
411	Mr. Egan to Mr. Lansing (telegram).	Jan. 5	Same subject. The Danish Government desires that the transfer of the islands to the United States take place as soon as possible. The King has expressed hope that the islands will not be placed under the Government of Porto Rico.	689

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
		1917		
216	Mr. Lansing to Mr. Egan (telegram).	Jan. 6	Same subject. Requests a map showing the boundaries of the Danish West Indies.	689
217	Same to same (telegram).	Jan. 8	Same subject. The formal delivery of the islands will be expedited as much as possible. The wish of the King will be laid before the proper authorities for consideration in connection with the form of government to be established in the islands.	690
415	Mr. Egan to Mr. Lansing (telegram).	Jan. 10	Same subject. Maps will be forwarded on the 11th instant.	690
894	Same to same-----	do-----	Same subject. Transmits official map of the Danish West Indies.	690
	Mr. Brun to Mr. Lansing.	Jan. 16	Same subject. Advises that he has received the instrument of ratification of the treaty. The Danish Government would like to have the transfer of the islands completed as soon as convenient to the United States.	691
	Mr. Lansing to Mr. Brun.	Jan. 17	Same subject. There seems to be no obstacle to the transfer of the islands at an early date.	692
	Mr. Lansing to President Wilson.	Jan. 22	Same subject. Incloses text of the treaty which was ratified on Jan. 17, 1917, and requests that Congress be asked to appropriate \$25,000,000 to be paid to Denmark by Apr. 17, 1917.	692
	-----	Jan. 25	Same subject. Text of treaty-----	694
	Mr. Lansing to Mr. Brun.	Mar. 22	Same subject. The Government of the United States is ready to pay to the Danish Government the \$25,000,000 stipulated in the treaty. Asks to be advised who will receive the money.	702
	Same to same-----	Mar. 27	Same subject. The Danish Minister having been authorized to receive the money, it will be paid to him on the 31st inst., and the islands will be taken over by the United States on the same day.	703
	-----do-----	Mar. 28	Same subject. Commander Edwin T. Pollock, U. S. N., will take over the islands instead of Admiral William L. Rodgers, U. S. N.	703
	Mr. Lansing to Mr. Payne (telegram).	-----do-----	Same subject. Instructs him to close the consulate and to proceed to Washington upon arrival and assumption of charge of Commander Pollock.	704
	Circular-----	Apr. 2	Same subject. Instructs to advise Government to which accredited of treaty and to request that consular officers be given new commissions.	704

DENMARK—Continued

No.	From and to whom	Date	Subject	Page
1010	Mr. Egan to Mr. Lansing.	1917 Apr. 3	Same subject. Incloses copy of the Royal Resolution of Mar. 9, 1917, which was in the form of an open letter to the inhabitants of the Danish West Indies from the King of Denmark.	705
	Circular -----	Apr. 19	Same subject. Advises that the Danish West Indies, transferred to the United States, will be known as the Virgin Islands, and instructs that consular services in connection with the islands must be performed in the same manner as services for other insular possessions of the United States.	706

DOMINICAN REPUBLIC

152	Mr. Lansing to Mr. Russell (telegram).	1917 Jan. 2	Political affairs. Military Government may now undertake proposed economies.	707
	Mr. Russell to Mr. Lansing.	Jan. 5	Same subject. Military Government accepted with good grace. Conditions improving. Work of reconstruction and carrying on of Government demand that officers be free of other duties. Executive order issued suspending functions of Congress and eliminating emoluments of Senators and Deputies.	707
93	Mr. Lansing to Mr. Russell.	Jan. 23	Same subject. Acknowledges Legation's No. 152, Jan. 5. Question of work of reconstruction receiving careful consideration. Action of advising suspension of Congress approved.	708
224	Mr. Goold to Mr. Lansing.	July 21	The Dominican Claims Commission of 1917. Incloses copies of Executive orders establishing and setting forth powers of the commission.	720
229	Same to same-----	July 27	Political affairs. Refers to Legation's Oct. 24, 1916. Bandit Emiliano Rojas sentenced to prison.	709
	Mr. Daniels to Mr. Lansing.	Aug. 8	Same subject. Transmits a copy of the annual report of the Military Government of Santo Domingo from date of proclamation, Nov. 29, 1916, to June 30, 1917.	709
	Dominican Claims Commission to Admiral Knapp.	Aug. 11	Dominican Claims Commission of 1917. Submits memoranda and recommendation regarding the means of liquidating the awards upon claims approved by the commission.	723

DOMINICAN REPUBLIC—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Daniels to Mr. Lansing.	1917 Aug. 15	Same subject. Inauguration of the Dominican Claims Commission.	726
158	Mr. Lansing to Mr. Goold.	Aug. 16	Same subject. Acknowledges the receipt of Legation's No. 224 of July 21. Instructs to keep the Department informed of the proceedings and progress of the claims commission.	727
258	Mr. Goold to Mr. Lansing.	Oct. 10	Same subject. Incloses copy of Executive Order No. 83 fixing the specific date of the plan of adjustment in regard to claims.	727
	Mr. Daniels to Mr. Lansing.	Nov. 15	Political affairs. Transmits a copy of the quarterly report of the Military Government of Santo Domingo, from July 1, 1917, to Sept. 30, 1917.	718
275	Mr. Russell to Mr. Lansing.	Dec. 15	Dominican Claims Commission of 1917. Gives number of registered claims. Certain American claimants not heard from. Efforts made to have all claimants register claims. Encloses copy of rule No. 1 in regard to the presentation by foreign representatives of the claims of their nationals.	728
	Mr. Lansing to Mr. Russell (telegram).	Dec. 29	Same subject. Legation's No. 275, Dec. 15, 1917. Instructs to enter appearance for certain American claimants.	729

ECUADOR

Mr. Hartman to Mr. Lansing (telegram).	1917 Jan. 3	Guyaquil & Quito Ry. Co. claims. No answer on question until return of Minister of Hacienda; if answer unfavorable will file note with Foreign Office.	730
Same to same (telegram).	Jan. 4	Same subject. Foreign Office requested extension of time until Tuesday in which to answer inquiry as to when Ecuador will resume deposits.	730
Mr. Lansing to Mr. Hartman (telegram).	Jan. 11	Same subject. Telegraph at once railroad situation and whether Government of Ecuador will pay interest on bonds and resume deposits.	731
Mr. Hartman to Mr. Lansing (telegram).	Jan. 12	Same subject. Delay of answer due to investigation of Minister of Hacienda; when received will report at once.	731
Same to same (telegram).	Jan. 13	Same subject. Minister of Foreign Affairs evades question of payment of interest and resumption deposits; will immediately restate case.	731

ECUADOR—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram).	Jan. 18	Same subject. Ecuadorean Government makes offer to railway company to contribute coal in partial payment of interest due; effective pressure can be brought to bear by suggestion suspension pending loan in case interest is not paid.	731
205	Same to same-----	Feb. 6	Same subject. Summarizes negotiations with Foreign Minister, incloses copies of notes exchanged and again calls attention to bringing pressure to bear with regard to suspension of loan.	732
	Mr. Lansing to Mr. Hartman (telegram).	Feb. 13	Same subject. Ecuadorean Chargé d' Affaires challenges statement railway company that it can not pay interest; misinterprets attitude of American Government with regard to payment by Ecuador; intimate orally to Minister Department will not approve loan unless payments resumed.	736
	Mr. Hartman to Mr. Lansing (telegram).	Feb. 17	Same subject. Reference Department's Feb. 13; instructions complied with.	738
	Same to same (telegram).	Mar. 4	Same subject. Minister of Interior will reply to my note of Feb. 17; British Chargé says Ecuadorean Government will agree to a conference on indebtedness and proposed loan.	738
	Mr. Lansing to Mr. Hartman (telegram).	Mar. 13	Same subject. Department will discuss with railroad officials in New York statements made to you by British Chargé.	739
	Mr. Hartman to Mr. Lansing (telegram).	Mar. 16	Same subject. Limited work continuing on new railways; statement British Chargé reliable.	739
213	Same to same-----	Mar. 27	Same subject. Incloses copies of notes exchanged; Minister for Foreign Affairs states Ecuador not responsible for failure arbitration of 1908.	739
236	-----do-----	Sept. 3	Same subject. Ecuadorean Government evades payment interest prior lien bonds; reports show Ecuador has money; railway company to poor to pay.	744
	Same to same (telegram).	Oct. 4	Same subject. Ecuador withdraws commission to adjust differences between itself and railway company; instructs fiscal attorney bring suit against it.	746
	Mr. Lansing to Mr. Hartman (telegram).	Nov. 10	Same subject. Instructs him lodge protest with Government against taking action against railway company.	746

ECUADOR—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Nov. 26	Same subject. Refers to statement of Foreign Office transmitted in his March 27 to effect that controversy with railway is not subject for diplomatic intervention and instructs him inform Ecuadorean Government original contract contemplates differences and provides for diplomatic arbitration.	746

GREECE

1033	Mr. Vouros to Mr. Lansing.	1917 June 14	Abdication of King Constantin and accession to the throne of King Alexander. Announces.	749
1358	Mr. Roussos to Mr. Lansing.	Sept. 8	Same subject. Incloses autographed letter from the King to the President announcing accession to the throne.	749
12	Mr. Lansing to Mr. Roussos.	Oct. 6	Same subject. Acknowledges receipt of his note of Sept. 8, 1917.	750
155	Mr. Lansing to Mr. Droppers.	---do---	Same subject. Incloses autographic letter from the President to the King acknowledging receipt of his letter of July 6, 1917.	750

GUATEMALA

416	Mr. Ewing to Mr. Lansing.	1917 Feb. 15	Boundary dispute between Guatemala and Honduras. Reports that the Cuyamel Fruit Co. is experiencing difficulty in constructing a railroad in territory which is claimed by both countries.	760
	Same to same (telegram).	Feb. 19	Same subject. Guatemala has ordered military occupation of the territory in dispute. Honduras willing to arbitrate dispute.	761
	Mr. Membreno to Mr. Lansing.	---do---	Same subject. Incloses copies of telegrams from the President of Honduras advising him of the military occupation of the disputed territory by Guatemalan troops and instructing him to request the good offices of the United States.	761.
	Mr. Leavell to Mr. Lansing (telegram).	Feb. 20	Same subject. Is informed that the Cuyamel Fruit Co. tried to obtain a concession in the disputed territory recently in Guatemala.	762

GUATEMALA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Méndez to Mr. Lansing.	1917 Feb. 21	Same subject. His Government instructed him to inform the American Government that a large Honduran armed force invaded Guatemalan territory.	763
	Same to same-----	Feb. 24	Same subject. His Government instructed him to inform the Department that a large Honduran armed force is still occupying Guatemalan territory. Guatemala has done nothing but lodge a protest.	763
423	Mr. Ewing to Mr. Lansing.	Feb. 28	Same subject. Mixed commissions heretofore appointed to meet upon the boundary question were always failures, and it is recommended that steps be taken to secure a permanent settlement of the difficulty.	763
	Mr. Lansing to Mr. Leavell (telegram).	Mar. 3	Same subject. Instructs to investigate report that a force of Honduran troops have invaded territory claimed by Guatemala.	764
	Mr. Lansing to Mr. Ewing (telegram).	---do---	Same subject. Instructs to investigate and report in detail report that a force of Honduran troops have occupied territory claimed by Guatemala and which is in dispute between both Governments.	764
	Mr. Ewing to Mr. Lansing (telegram).	Mar. 5	Same subject. Upon threat of invasion by Guatemala of disputed territory Honduran troops were sent there but were recalled upon suggestion of this Legation. Gives details of boundary dispute.	764
65	Mr. Lansing to Mr. Méndez.	Mar. 6	Same subject. His notes of Feb. 21 and 24 have been referred to the American Minister to Honduras for report.	765
39	Mr. Lansing to Mr. Membreño.	---do---	Same subject. His note of Feb. 19 has been referred to the American Minister to Guatemala for report.	765
364	Mr. Leavell to Mr. Lansing.	---do---	Message of the President to Congress. Transmits copy of.	751
	Same to same (telegram).	Mar. 8	Boundary dispute. The trouble seems to have grown out of competition between two American fruit companies in the disputed territory. All quiet at present.	765
159	Mr. Lansing to Mr. Leavell.	July 6	Same subject. Transmits correspondence between the Cuyamel Fruit Co. and Guatemalan officials concerning the company's rights in the disputed territory and instructs to request the President of Guatemala to leave the matter in <i>statu quo</i> until the boundary dispute is settled.	766

GUATEMALA—Continued

No.	From and to whom	Date	Subject	Page
398	Mr. Leavell to Mr. Lansing.	1917 July 30	Arrest of the American Minister by a Guatemalan officer. Reports incident, incloses correspondence with the Foreign Office. The Guatemalan Government offered ample apologies.	752
	Same to same (telegram).	Aug. 7	Boundary dispute. The Guatemalan Government has sent a special representative to Honduras to arrange the matter amicably if possible.	766
165	Mr. Lansing to Mr. Leavell.	Aug. 21	Arrest of the American Minister. Approves his action.	753
	Special Guatemalan Mission to Mr. Lansing.	Sept. 18	Boundary dispute. Report on the boundary question.	766
	Mr. Ewing to Mr. Lansing (telegram).	Nov. 1	Same subject. It is reported that a large number of men are preparing a trail from Guatemala into Honduras.	779
	Mr. Polk to Mr. Leavell (telegram).	Nov. 3	Same subject. Instructs to investigate the report that a large number of Guatemalan laborers, guarded by soldiers, are preparing a trail into Honduran territory, and to request information from the Guatemalan Government.	779
	Mr. Polk to Mr. Ewing (telegram).	---do---	Same subject. Has requested a statement from the Guatemalan Government concerning reported movement in the vicinity of Omoa.	779
	Mr. Leavell to Mr. Lansing (telegram).	Nov. 6	Same subject. Guatemalan soldiers guarding laborers repairing roads and bridges in the disputed territory have been withdrawn. Honduras has now a large armed force in that locality.	780
	Mr. Lansing to Mr. Ewing (telegram).	Nov. 12	Same subject. Guatemalan Special Mission in Washington has requested good offices and mediation of this Government in the dispute. If both countries desire this and so request the United States will tender its good offices.	781
	Mr. Méndez to Mr. Lansing.	---do---	Same subject. His Government accepts the offer of good offices made by the United States.	781
	The Guatemalan Special Mission to Mr. Lansing.	Nov. 13	Same subject. Requests that the United States interpose its good offices with Honduras to the end that the last boundary treaty be put into force.	781
	Mr. Ewing to Mr. Lansing (telegram).	Nov. 16	Same subject. Government of Honduras accepts offer of United States to mediate in boundary dispute.	781

GUATEMALA—Continued

No.	From and to whom	Date	Subject	Page
549	Same to same-----	1917 Nov. 16	Same subject. Incloses correspondence with the Foreign Office stating that the military force of Honduras has not been appreciably increased in the disputed territory, and that the Government of Honduras accepts the offer of the United States to mediate in the matter.	782
96	Mr. Polk to Mr. Méndez.	---do---	Same subject. Requests copy of the treaty recently concluded between Guatemala and Honduras concerning the disputed boundary.	783
	Mr. Polk to the Guatemalan Special Mission.	Nov. 17	Same subject. Acknowledges note of the 13th inst.	784
	Mr. Méndez to Mr. Lansing.	Dec. 5	Same subject. Incloses copy of the preliminary arrangement recently concluded between Guatemala and Honduras concerning the disputed boundary.	784
364	Mr. Ewing to Mr. Lansing.	Dec. 10	Same subject. Incloses copy of the Boundary Convention of Aug. 1, 1914, between Guatemala and Honduras.	785
	Mr. Lansing to Mr. Leavell (telegram).	Dec. 11	Same subject. The Department is informed that an additional Guatemalan force has arrived in the vicinity of Omoa. If true this would seem to be an attempt by Guatemala to alter the <i>status quo</i> boundary question.	788
	Mr. Ewing to Mr. Lansing (telegram).	Dec. 12	Same subject. Further information about activities of Guatemalan troops.	789
	Mr. Lansing to Mr. Leavell (telegram).	Dec. 13	Same subject. The activities of Guatemalan troops in the disputed territory is considered an act of bad faith. The Motagua River must be accepted as the temporary boundary pending the settlement of the dispute.	789
	Mr. Leavell to Mr. Lansing (telegram).	Dec. 16	Same subject. The President of Guatemala declines to accept the Motagua River as temporary boundary, suggests the Merendén Mountain Range as boundary, both Governments to withdraw from the territory lying between these two lines.	789
	Mr. Ewing to Mr. Lansing (telegram).	Dec. 17	Same subject. Further information concerning Guatemalan activities in disputed territory. Honduras appeals to the United States, can not remain inactive much longer.	790

GUATEMALA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Lansing to Mr. Thurston (telegram).	Dec. 22	Same subject. The Department feels that, pending a definite arbitral settlement of the boundary question both Governments should withdraw all troops from the territory lying between the Motagua River and the Merendén Mountains.	791
	Mr. Lansing to Mr. Ewing (telegram).	---do---	Same subject. Instructs to ascertain whether Honduras would withdraw all her troops from the disputed zone upon condition that Guatemala do likewise.	791
	Same to same (telegram).	---do---	Same subject. This Government proposes to the contending Governments that they sign a boundary treaty in conformity with Art. I of the Protocol of Sept. 17, 1917. (Same telegram to Guatemala.)	792
	Mr. Ewing to Mr. Lansing (telegram).	Dec. 24	Same subject. Honduras accepts Department's proposal provided Guatemala also accepts.	792
	Mr. Thurston to Mr. Lansing (telegram).	---do---	Same subject. A commission has been sent by Guatemala to Honduras to endeavor to formulate a diplomatic convention with that country.	792
	Mr. Méndez to Mr. Lansing.	---do---	Same subject. Advises that a Guatemalan mission has been sent to Honduras in conformity with the Protocol of September 20, 1917. Gives personnel of mission.	793
	Mr. Thurston to Mr. Lansing (telegram).	Dec. 26	Earthquake in Guatemala. Guatemala City greatly damaged. Earthquake continues. Requests funds for relief work.	754
	Same to same (telegram).	---do---	Same subject. Shocks continue without intermission. City being demolished. Hundreds homeless.	754
	Mr. Lansing to Mr. Thurston (telegram).	Dec. 27	Same subject. Instructs to offer condolence and assistance from this Government to Guatemala.	754
	Mr. Thurston to Mr. Lansing (telegram).	---do---	Same subject. Condition becoming serious. Local American Red Cross offers \$500.	755
	Mr. Ewing to Mr. Lansing (telegram).	---do---	Boundary dispute. Honduras now unwilling to withdraw troops from disputed zone. Suggests another neutral zone.	794
	Mr. Lansing to Mr. Thurston (telegram).	Dec. 28	Same subject. Honduras accepts neutral zone. Urge Guatemala to accept at once.	794
	Mr. Thurston to Mr. Lansing (telegram).	---do---	Earthquake. American Consulate destroyed, Legation damaged, filled with refugees. Destitute Americans request transportation to the United States. All Red Cross assistance greatly acceptable to Government.	755

GUATEMALA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Thurston (telegram).	1917 Dec. 28	Same subject. American Red Cross offers help. State what funds now available and what material is needed. Organize American committee and draw \$5,000.	755
	President Wilson to President Cabrera (telegram).	---do---	Same subject. Offers sympathy and assistance.	756
	Mr. Thurston to Mr. Lansing (telegram).	Dec. 29	Same subject. Violent shock today. May have to evacuate Legation. States what is needed most to shelter homeless people.	756
	Mr. Lansing to Mr. Thurston (telegram).	---do---	Same subject. Message from American Red Cross itemizing goods being sent.	757
	Mr. Lansing to Mr. Ewing (telegram).	---do---	Boundary dispute. Department fails to understand the position of Honduras that it does not feel at liberty to negotiate direct with Guatemala.	795
	Same to same (telegram).	---do---	Same subject. The Department will take no further action in this case until the discrepancies in his telegrams of Dec. 24 and 27 are explained.	795
	Mr. Thurston to Mr. Lansing (telegram).	Dec. 30	Earthquake. Epidemics are feared. Recommends that certain remedies be sent.	757
	Mr. Lansing to Mr. Thurston (telegram).	---do---	Same subject. Instructs to report number of Americans who desire transportation to the United States.	757
	President Cabrera to President Wilson (telegram).	---do---	Same subject. Acknowledges with thanks the telegram from President Wilson and accepts offer of assistance.	758
	Mr. Thurston to Mr. Lansing (telegram).	Dec. 31	Same subject. There will be about 25 destitute Americans who desire transportation to the United States.	758
	Mr. Mendéz to Mr. Lansing.	---do---	Same subject. Expresses in the name of the President of Guatemala heartfelt thanks to the American Government and the American Red Cross for the sympathy and assistance extended to his country in distress.	759
	Mr. Ewing to Mr. Lansing (telegram).	---do---	Boundary dispute. Reports that the Minister for Foreign Affairs accepted Department's proposal, President later refused to sanction. States proposal of Honduras.	795
576	Same to same.	---do---	Same subject. Incloses copies of correspondence with the Foreign Office of Honduras, stating that that Government accepts the proposition that the whole matter be subjected to arbitration.	796

GUATEMALA—Continued

No.	From and to whom	Date	Subject	Page
577	Same to same-----	1917 Dec. 31	Same subject. Explains in detail discrepancies in his telegrams of Dec. 24 and 27. Incloses copies of correspondence with the Foreign Office.	798

HAITI

Mr. Lansing to Mr. Blanchard (telegram).	1917 Jan. 2	Controversy between the National Railroad Co. of Haiti and the Haitian Government. Controversy remains unsettled after six months negotiations; French interests threaten foreclosure; railway company asks aid of the Department; confer with Ruan and cable immediately result.	813
Same to same (telegram).	Jan. 6	Political affairs. Quotes paraphrase of telegram sent Admiral Knapp which states this Government will not countenance overthrow of President.	802
Mr. Ménos to Mr. Stabler.	Jan. 11	Financial affairs. Transmits memorandum regarding attachments affecting officials of Haiti.	802
Mr. Blanchard to Mr. Lansing (telegram).	---do---	Railway controversy. Ruan suggests possibility of disagreement between himself and representative of railway company and necessity for third arbitrator.	814
Mr. Farnham to Mr. Lansing.	Jan. 15	Same subject. Refutes allegations of the Minister of Haiti of Sept. 21, 1916.	814
Mr. Lansing to Mr. Blanchard (telegram).	Jan. 17	Same subject. Department considers third arbitrator not necessary and expects Ruan to be given full powers to settle definitely issues between Government and company.	825
Mr. Blanchard to Mr. Lansing (telegram).	Jan. 22	Same subject. Quotes note from Haitian Government: Negotiations stopped by recall Oberlin to United States; delay only caused by circumstances; reaffirms well-meaning of Haiti.	827
Mr. Ménos to Mr. Stabler.	Jan. 23	Same subject. Incloses copy of supplemental remarks concerning question; Ménos has full power to negotiate.	825
Mr. Lansing to Mr. Blanchard (telegram).	Jan. 27	Same subject. This Government is pleased at attitude of Haitian Government and will lend its good offices on the understanding that decision of Mr. Ruan	828

HAITI—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Blanchard to Mr. Lansing (telegram).	1917 Jan. 31	Same subject. Haitian Government will shortly reply to proposition in Department's telegram of Jan. 27, 1917.	829
	Same to same (telegram).	Feb. 2	Same subject. Note from Minister of Foreign Affairs confirms Department's understanding presented in its Jan. 27.	829
	Mr. Lansing to Mr. Ménos.	Feb. 15	Financial affairs. Acknowledges receipt of his memorandum and states that the words "collect, receive and apply" in Art. II of the Treaty of 1915, signify nothing except that in common and legal use.	803
	Mr. Ménos to Mr. Lansing.	Feb. 23	Same subject. Financial Adviser of Haiti threatens to suspend payment of public salaries and other disbursements unless the life of the Treaty of Sept. 16, 1915 is extended to 20 years.	803
	Mr. Polk to Mr. Blanchard (telegram).	Feb. 24	Same subject. Asks full report all circumstances connected with threat of Adviser.	804
	Mr. Blanchard to Mr. Lansing (telegram).	Feb. 26	Same subject. No threat stop payment Government disbursements; deciding vote deferred until view of Ménos received.	804
	Mr. Lansing to Mr. Blanchard (telegram).	Mar. 1	Railway controversy. Arbitrators agree on all except two points which it is desired the Haitian Government will settle.	829
115	Same to same-----	Mar. 2	Same subject. Refers Department's telegram Mar. 1; incloses copy of agreements and unsettled points and communication from Farnham; instructs him state to Haitian Government hopes of this Government that it will settle immediately two points in question.	830
	Mr. Blanchard to Mr. Lansing (telegram).	Mar. 3	Financial affairs. Quotes letter from Minister for Foreign Affairs transmitting decision of the Council of Secretaries of State, and submits draft of protocol.	805
	Mr. Ruan to Mr. Lansing.	Mar. 19	Same subject. Aid asked of the United States in connection with the \$30,000,000 loan.	806
	Mr. Lansing to Mr. Blanchard (telegram).	Mar. 22	Same subject. Amend Art. 2 of the protocol, sign it and transmit to Department for approval by President of the United States.	807
	Mr. Blanchard to Mr. Lansing (telegram).	Mar. 28	Same subject. Protocol as amended signed.	807
	-----do-----		Same subject. Additional Act between the United States and Haiti extending the duration of the Treaty of Sept. 16, 1915. Text.	807

HAITI—Continued

No.	From and to whom	Date	Subject	Page
		1917		
135	Mr. Blanchard to Mr. Lansing.	Mar. 29	Same subject. Incloses protocol calling into being full force Art. 16 of Convention of Sept. 16, 1915.	808
26	Mr. Lansing to Mr. Ménos.	Apr. 16	Same subject. Suggests enactment of new law which would render unnecessary continuance of military order made by Admiral Caperton to prevent attachment of salaries.	808
136	Mr. Blanchard to Mr. Lansing.	Apr. 30	Railway controversy. Incloses copies of Legation's note to Foreign Office of Mar. 8 and reply of Apr. 23 which latter states that Council of Secretaries decides against railway company; interview with Foreign Minister contradicts note.	831
	Mr. Ménos to Mr. Lansing.	July 5	Financial affairs. Haitian Government subscribes to modification of the Gendarmerie Agreement signed at Washington Aug. 24, 1916.	809
30	Mr. Lansing to Mr. Ménos.	Aug. 24	Same subject. Asks confirmation of his Government's confirmation of amendment of constabulary agreement.	809
	Mr. Ménos to Mr. Lansing.	Aug. 29	Same subject. Confirms the modification of agreement concerning the gendarmerie.	809
167	Mr. Mayer to Mr. Lansing.	Sept. 7	Political affairs. Incloses memorandum from Admiral Knapp in which he asks cooperation among Americans in official positions in Haiti.	810
147	Mr. Lansing to Mr. Mayer.	Oct. 4	Same subject. Department approves contents of Admiral Knapp's memorandum.	811
	Mr. Mayer to Mr. Lansing (telegram).	Nov. 6	Same subject. Asks Department use good offices to expedite modification Gendarmerie Agreement	811
	Mr. Polk to Mr. Mayer. (telegram).	Nov. 16	Same subject. Department concurs with General Butler's proposed modification of Gendarmerie Agreement.	812
	Mr. Lansing to Mr. Mayer (telegram).	Nov. 27	Financial affairs. Amendment to agreement consummated; advice Department progress of second modification.	812
	Mr. Mayer to Mr. Lansing (telegram).	Nov. 28	Political affairs. Haitian Government desires second modification by means of accord rather than exchange of notes.	812
	Same to same (telegram).	Dec. 3	Same subject. Haitian President informs legation modification can be concluded by exchange of notes.	813
	Mr. Lansing to Mr. Blanchard (telegram).	Dec. 4	Railway controversy. Again present matter signing of bonds without delay, as suggested in your Nov. 20.	833

HAITI—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Blanchard to Mr. Lansing (telegram). Same to same (telegram).	1917 Dec. 9	Political affairs. Modification concluded by exchange of notes.	813
		Dec. 19	Railway controversy. Government authorizes Minister of Finance to sign and deliver bonds.	833

HONDURAS

391	Mr. Ewing to Mr. Lansing.	1917 Jan. 2	Message of the President. Extracts.	834
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ITALY

5028	Mr. Sharp to Mr. Lansing.	1917 Jan. 8	Impressment of American citizens in the Italian Army. Incloses note from Minister of Foreign Affairs stating safe conduct will be accorded Frank Ghiloni to cross France.	836
469	Mr. Lansing to Mr. Page.	Jan. 9	Same subject. One Hannibal Donati, citizen of United States, is impressed into Italian Army; request proper authorities permit return to United States.	836
480	Same to same-----	Feb. 7	Same subject. In connection with citizenship and impressment into military service of Vito Messino, inform proper authorities statement made by Mr. Heher, an attorney in Trenton, claiming former to be son of resident of that city and ask investigation be made.	837
	Mr. Stovall to Mr. Lansing (telegram).	Feb. 16	Same subject. Ghiloni leaves Berne for Bordeaux to embark United States.	837
497	Mr. Lansing to Mr. Page.	Mar. 6	Same subject. Request that Guglielmo Andreaccio be released from performance military service and allowed to return to United States.	838
498	Same to same-----	---do---	Same subject. In connection with refusal of Italian Government to release Joseph Nicholas Orochi from military service Department communicates request of his relatives that he be assigned to hospital corps.	838
647	Mr. Page to Mr. Lansing.	Mar. 19	Same subject. Incloses note from Ministry of Foreign Affairs refusing to release Donati.	839

ITALY—Continued

No.	From and to whom	Date	Subject	Page
664	Same to same-----	1917 Apr. 12	Same subject. Incloses note from Ministry of Foreign Affairs declining to release Vito Messino from military service.	839
675	-----do-----	May 3	Same subject. Andreaccio neglects to claim American nationality; Foreign Office declines to release on ground of his long residence in Italy and failure to claim foreign citizenship.	840
676	-----do-----	May 4	Same subject. Incloses note from Foreign Office in which it is regretted that the wishes of Orocchi's relatives can not be complied with.	841
772	-----do-----	Oct. 13	Same subject. Incloses note from Foreign Office releasing Andreaccio from military service.	842

JAPAN

	Mr. Wheeler to Mr. Lansing (telegram).	1917 Mar. 8	Death of Ambassador Guthrie. Reports death of the Ambassador and states he has assumed charge of Embassy.	843
	Same to same (telegram).	Mar. 10	Same subject. Reports further on death of the Ambassador, giving details of funeral arrangements and quotes note of condolence from Foreign Office.	843
	Emperor Yoshihito to President Wilson (telegram).	Mar. 10	Same subject. Message of condolence.	844
	Mr. Sato to Mr. Lansing.	-----do-----	Same subject. On behalf of his Government expresses sympathy to this Government.	844
	President Wilson to Emperor Yoshihito (telegram).	Mar. 13	Same subject. Thanks him for his message of sympathy.	844
	Mr. Wheeler to Mr. Lansing.	-----do-----	Same subject. Describes in detail the funeral service, tells of extreme consideration shown by Japanese Government both privately and publicly, and quotes note from Minister of Foreign Affairs offering use of warship to carry remains to the United States.	844
16	Mr. Lansing to Mr. Sato.	Mar. 15	Same subject. Acknowledges receipt of his note of 10th and asks that he inform the Imperial Government that sympathy is highly appreciated.	845

JAPAN—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Wheeler (telegram).	1917 Mar. 16	Same subject. Instructs him to say to Japanese Government that the Government and people of the United States are deeply touched by marks of respect shown to memory of Mr. Guthrie by Japanese Government, and that the United States gratefully accepts offer of Japanese warship.	846
	Mr. Wheeler to Mr. Lansing (telegram).	Mar. 25	Same subject. Reports <i>Azuma</i> , first-class cruiser, to leave Yokohama April 30, Mrs. Guthrie to return May 4. Recommends that an officer from the Embassy be ordered to accompany the body.	846
	Mr. Post to Mr. Lansing.	Apr. 24	Japanese picture brides. The Dep't of Labor wishes to ascertain whether laws of Japan recognize marriage by "proxy", as exception to new immigration law will bring about complications in this respect. i	848
21	Mr. Lansing to Mr. Sato.	Apr. 28	Same subject. Transmits copy of Labor Department's letter of 17th asking for further information on subject.	849
	Mr. Sato to Mr. Lansing.	---do---	Same subject. Explains the functioning of the Japanese law in regard to marriages.	849
	Mr. Wheeler to Mr. Lansing (telegram).	---do---	Death of Ambassador Guthrie. Reports sailing of the <i>Azuma</i> , and details of the moving of the body to the ship.	847
	Mr. Lansing to Mr. Wilson.	Apr. 30	Japanese picture brides. Transmits copy of Japanese Ambassador's note of 28th which explains the Japanese law as regards marriage by "proxy".	850
25	Mr. Lansing to Mr. Sato.	May 7	Same subject. Refers to his Apr. 28 and informs him Department has received note from Labor Department quoting telegram which it sent to immigration officers ordering suspension requiring marriage of picture brides after arrival.	850
	Mr. Sato to Mr. Lansing.	May 18	Same subject. Refers his note No. 25 and asks whether arrangement can be extended to include brides leaving Japan before end of month.	851
	Mr. Lansing to Mr. Wilson.	---do---	Same subject. Incloses copy of Japanese note of May 18 requesting extension of time and informs him State Department sees no reason why it should not be granted.	851

JAPAN—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Post to Mr. Lansing.	May 23	Same subject. Declines to grant extension of time as it would establish precedent which Department could ill afford to maintain.	852
28	Mr. Lansing to Mr. Sato.	May 28	Same subject. Incloses copy of Labor Department's note of May 23 in answer to his request for extension of time.	853
	Mr. Sato to Mr. Lansing.	June 4	Same subject. Refers to his note of May 7 and makes further plea for admission of Japanese bride during month.	853
	Mr. Lansing to Mr. Wilson.	June 5	Same subject. Incloses copy of Japanese Ambassador's note of June 4 and states he hopes proposals will be acceptable.	855
	The Japanese Embassy to the Department of State.	June 8	Same subject. Reports seven brides arrived in United States and held at immigrant station pending presentation notification of marriage. Asks temporary admittance.	855
	Mr. Lansing to Mr. Wilson.	June 9	Same subject. Incloses copy of Japanese Embassy's memorandum of June 8 and expresses the hope that he may favorably consider temporary admission of brides.	855
455	Mr. Lansing to Mr. Wheeler.	June 14	Death of Ambassador Guthrie. Informs him of completion of funeral services at Pittsburgh, and instructs him give to Japanese Government appropriate acknowledgment of appreciation of our Government of the honor accorded remains aboard the Japanese man-of-war.	847
	Mr. Wilson to Mr. Lansing.	June 27	Japanese picture brides. Detailed discussion of reasons why picture brides should not be admitted.	856
34	Mr. Polk to Mr. Sato.	July 7	Same subject. Incloses copy of Labor Department's letter of June 27 giving review of previous correspondence and outlining course of procedure.	863
	Mr. Sato to Mr. Lansing.	July 25	Same subject. Further discusses status of picture brides giving details of marriage laws and customs in Japan.	863
	Mr. Polk to Mr. Wilson.	July 30	Same subject. Incloses copy of Japanese Ambassador's note of July 25 and gives as his opinion that when due notification is made of marriage over seal of bridegroom the bride should be admitted to this country as his wife.	870

JAPAN—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Wilson to Mr. Lansing.	1917 Aug. 20	Same subject. Refers to Japanese Ambassador's July 25 and states he is glad detailed discussion has come about, everything now being clear, and that he agrees "picture" marriages should be considered in no sense distinguishable from marriages generally.	870
40	Mr. Lansing to Mr. Sato.	Aug. 21	Same subject. Refers to his July 25 and incloses copy of Department of Labor's letter of Aug. 20 in reply.	872
	Mr. Sato to Mr. Lansing.	Aug. 25	Same subject. Expresses gratification of Japanese Government in settlement of the case.	872
821	Mr. Wheeler to Mr. Lansing.	Aug. 31	Death of Ambassador Guthrie. Informs Department he has complied with its wishes in expressing to Japanese Government this Government's appreciation of honor accorded to the remains aboard <i>Azuma</i> , and quotes note from Minister of Foreign Affairs in reply.	848
	Mr. Post to Mr. Lansing.	Sept. 29	Japanese picture brides. Mentions conflict of Japanese and American laws in regard to citizenship of certain persons.	873
	Mr. Phillips to Mr. Wilson.	Oct. 11	Same subject. Refers to his Sept. 29 and suggests that marriage ceremony in accordance with laws of United States be required upon arrival of brides.	874
	Mr. Post to Mr. Lansing.	Nov. 21	Same subject. Refers to Department's letter of the 11th inst. and states that his Department can not admit an alien woman as wife of a Japanese-American citizen unless latter proceeds to the place where both will be under the jurisdiction of the country under the laws of which the marriage is contracted.	875

LIBERIA

89	Mr. Curtis to Mr. Lansing.	1917 Mar. 23	Financial affairs. Incloses copy of agreement between Liberia and the Bank of British West Africa, Ltd.	888
23	Mr. Lansing to Mr. Curtis.	Apr. 4	Political affairs. Outlines administrative reforms which must be made else friendly support of American Government must cease.	877

LIBERIA—Continued

No	From and to whom	Date	Subject	Page
	Mr. Jusserand to Mr. Lansing.	1917 June 25	Financial affairs. If, on account of the German Receiver's departure, difficulties arise, suggests that they be adjusted through the diplomatic channel	890
	The British Embassy to Mr. Lansing.	June 27	Same subject. Makes suggestion concurring with French Ambassador's note of June 25	891
	Mr. Polk to Mr. Jusserand.	July 9	Same subject. Refers French Ambassador's June 25 and says proposal is agreeable to American Government.	891
112	Mr. Curtis to Mr. Lansing.	---do---	Political affairs. Transmits memorandum outlining Department's program of reform along with Legation's note of presentation to Liberian Government; conference with officials promises full support of reforms.	883
	Mr. Polk to Mr. Curtis (telegram).	July 17	Financial affairs. Liquidation of reserve bonds held by National City Bank as Liberian agent requires marketing of bonds; ascertain wishes of Government in this respect.	892
121	Mr. Curtis to Mr. Lansing.	Aug. 10	Same subject. Transmits note from General Receiver of Customs setting forth his views relative to the marketing of the bonds.	892
127	Same to same-----	Aug. 13	Political affairs. Laws enacted by Legislature in special session for the most part follow program suggested by Department; enumerates same and repeats honest effort is being put forth.	884
29	Mr. Lansing to Mr. Curtis.	Aug. 22	Same subject. Refers to Legation's No 112 and instructs him keep Department advised any action by Liberian Government in connection with reforms.	886
138	Mr. Curtis to Mr. Lansing.	Oct. 2	Financial affairs. Act of Legislature creates Government Auditor and Board of Review to handle financial problems; amendment suggested so as to delete any feature that might give ground for criticism.	893
140	Same to same-----	Oct. 3	Political affairs. Reports Liberian Government honestly striving to make its performance square with its promises; laws working smoothly.	886
406	Mr. Spring Rice to Mr. Lansing.	Oct. 19	Financial affairs. Loan agreement provides for purchase of bonds in open market; holders of publicly issued bonds feel interests have not been properly considered; inquires as to procedure of bank in matter	894

LIBERIA—Continued

No.	From and to whom	Date	Subject	Page
482	British Embassy to the Department of State.	1917 Nov. 8	Political affairs. Liberian President declines to receive official protest voicing public's disapproval of appointment of Walker as Secretary of the Treasury; crisis may follow resulting in removal of President.	887
	Mr. Lyon to Mr. Lansing.	Nov. 20	Financial affairs. Calls attention to Liberia's financial condition since declaration of war; all suggested reforms enacted into law; asks aid for Republic.	895
	The Department of State to the British Embassy.	Nov. 23	Political affairs. Refers British Embassy's Nov. 8 and states that in event of President Howard's removal American Government would be disposed to leave selection of successor to Liberian people.	888
546	The British Embassy to the Department of State.	Nov. 27	Same subject. Concurs with Department's views in regard to selection of Mr. Howard's successor.	888
1927	Mr. Lansing to Mr. Spring Rice.	Dec. 14	Financial affairs. Refers to British Embassy's Oct. 19 and incloses copy of letter from National City Bank relative to the subject.	896
2015	Mr. Lansing to Mr. Jusserand.	---do---	Same subject. Incloses copy of bank's reply in regard to its procedure relative to the sinking fund on gold loan from which it appears that fairness was given to all bondholders.	900

MEXICO

522	Mr. Parker to Mr. Lansing.	1916 Sept. 20	Financial affairs. Decree of General Carranza, "Law of Payments" dated Sept. 15, transmitted for Department's information.	998
5963	Mr. Bernstorff to Mr. Lansing.	Sept. 22	Same subject. Informs him of further decree, issued in connection with new banking laws, providing that all debts incurred prior to Apr. 15, 1913, are to be repaid by five times the amount of the original, and those incurred up to Sept. 10, 1914, by four times the amount, and states that these, if carried into effect, will mean bankruptcy of foreign banks, including American and German; asks what steps the American Government thinks of taking.	1002

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
		1916		
475	Mr. Parker to Mr. Lansing (telegram).	Oct. 11	Same subject. States information indicates another decree in preparation to supplant "Law of Payments."	1003
2146	Mr. Lansing to Mr. Bernstorff.	Oct. 12	Same subject. Acknowledges receipt of his note of the 22d and informs him he has sent copies of his note to the American members of the American-Mexican Joint Commission for their consideration.	1003
496	Mr. Lansing to Mr. Parker (telegram).	Oct. 16	Same subject. Refers to his note of Sept. 20, regard to decree "Law of Payments" and tells him to inform proper authorities that on account of the decree being unconstitutional the American Government can not recognize right of Mexican Government to apply its terms to American citizens.	1003
	Mr. Lansing to Mr. Arredondo.	Dec. 1	Embargo on the exportation of arms and munitions into Mexico. Is advised munitions likely to fall into hands of bandits in case of shipment. Declines to raise embargo.	1078
	Mr. Thurston to Mr. Lansing (telegram).	Dec. 17	Protection of American mining interests. Foreign Office replies interested parties must inform Department of Fomento period of time required for resuming operations.	1038
627	Same to same-----	Dec. 18	Financial affairs. Transmits translation of decree relative to "Law of Payments" with amendments.	1004
642	Mr. Parker to Mr. Lansing.	Dec. 27	Protection of Americans and American interests. Transmits his notes sent to the Foreign Office relative to protection of property in Yaqui Valley in State of Sonora and the two notes in reply.	1017
	Mr. Arredondo to Mr. Lansing.	Dec. 27	Political affairs. Incloses a memorandum on the frequent violations of the neutrality laws by political agitators living near the border in the United States and requests remedial action.	902
	Mr. Dickinson to Mr. Lansing (telegram).	Dec. 29	Protection of Americans and American interests. Efforts to get in touch with Torreon fail. Apparently bandits have taken it. Several hundred foreigners remain there. Does Department desire me to get all foreigners out of Durango District?	1018
	Mr. Lansing to Mr. Dickinson (telegram).	---do---	Same subject. Report whereabouts Vice Consul O'Hea and party.	1018

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram).	Jan. 2	Same subject. Advise only Americans to withdraw from Mexico.	1019
601	Mr. Lansing to Mr. Parker (telegram).	Jan. 4	Same subject. Howard Grey, American citizen, has been killed and property looted at Parral. Ask that guilty party be punished and say this Government expects action to be taken to safeguard lives in Parral and Magistral districts.	1019
	Mr. De Negri to Mr. Lansing.	---do---	Protection of American mining interests. Quotes telegram from his Government stating that the laying of duties on metals is exclusively in the province of the Mexican authorities.	1039
604	Mr. Lansing to Mr. Parker (telegram).	Jan. 6	Protection of American oil interests. Advise whether decree issued giving foreigners holding title to property until Apr. 15 to resign treaty rights.	1058
631	Mr. Parker to Mr. Lansing (telegram).	Jan. 8	Same subject. Refers Department's 604, Jan. 6. Since he can not comply with instruction contained therein, has asked Thurston to do so.	1058
	Mr. Thurston to Mr. Lansing (telegram).	---do---	Same subject. Refers Department's 604 and Parker's despatch 530 of Sept. 27 and verifies issuance of decree mentioned.	1058
	Mr. Lansing to Mr. De Negri.	---do---	Political Affairs. Mr. Arredondo's letter of Dec. 27, 1916 has been referred to the appropriate authority for such action as may be deemed appropriate.	904
	Mr. Hanna to Mr. Lansing (telegram).	---do---	Same subject. It is my opinion that withdrawal of troops from Chihuahua would bring satisfactory results as it would place responsibility for restoring order on the <i>de facto</i> Government. Troops should be held in readiness at border line.	904
	Mr. De Negri to Mr. Lansing.	---do---	Same subject. Protests against occupation of offices at Palomas and asks withdrawal of our troops.	904
	Mr. Lansing to Mr. De Negri.	Jan. 9	Same subject. Informs him he has sent copy of communication to Secretary of War for such action as he may direct.	905
608	Mr. Lansing to Mr. Parker (telegram).	---do---	Mexican Constitution of 1917. Keep Department advised any proposed or adopted changes in Constitution which may be inimical to interests of Americans.	946
652	Mr. Thurston to Mr. Lansing.	Jan. 9	Protection of American oil interests. Transmits copy of decree referred to in his Jan. 8; also copy of previous decree on same subject.	1058

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Blocker to Mr. Lansing (telegram).	Jan. 10	Protection of Americans and American interests. Vice Consul O'Hea at Gomez Palacio reports he had dangerous but safe trip overland. Most everyone saved themselves by proving other nationality.	1019
637	Mr. Parker to Mr. Lansing (telegram).	Jan. 11	Mexican Constitution of 1917. Endeavors to obtain text of articles approved in Congress, Art. 3 prohibiting sectarian schools.	946
	Mr. Blocker to Mr. Lansing (telegram).	Jan. 12	Political affairs. Messenger from Torreon reports: Government forces evacuate Torreon leaving 500 Yaquis there who join Villistas upon their entry into city; Chinese and Arabs murdered, property looted, merchandise loaded on trains and carried north; strength of Villistas estimated at 4,000; Villa makes stirring speech and says will defeat Murguia and drive Pershing from Mexican soil.	905
2051	Mr. Lansing to Mr. Parker.	---do---	Protection of American mining interests. In response to your representations on question of mining taxes Department incloses note from local representative of <i>de facto</i> Government quoting note from Foreign Office.	1039
613	Same to same (telegram).	Jan. 13	Same subject. Make representations looking to the withdrawal of decree providing for confiscation of property in case operations are not resumed, and advise Department of action taken.	1039
	Mr. Baker to Mr. Lansing.	Jan. 17	Political affairs. Transmits letter from commanding general, Southern Department, quoting report by the Department intelligence officer relative to status and activities in the Plan of San Diego.	906
647	Mr. Parker to Mr. Lansing (telegram).	Jan. 18	Mexican Constitution of 1917. Art. 28 approved prohibits monopolies except in certain cases; Art. 14 states that no law shall be given retroactive effect.	946
	Mr. Thurston to Mr. Lansing (telegram).	Jan. 19	Same subject. Two forms of Art. 33, soon to be passed upon, appeared in press to-day both containing clause as to foreigners renouncing citizenship rights.	947
	Mr. Lansing to Mr. Thurston (telegram).	---do---	Protection of American oil interests. Refers his 652, Jan. 9 and instructs him inform Mexican Government our Government can not acquiesce in provisions of decrees of Aug. 15 and Dec. 15, 1916.	1059

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
621	Mr. Lansing to Mr. Parker (telegram).	1917 Jan. 22	Mexican Constitution of 1917. The Government of the United States can not acquiesce in certain provisions of Arts. 27, 28 and 33.	947
626	Same to same (telegram).	Jan. 23	Protection of American oil interests. Department requests protest to Carranza against bill introduced in Mexican Congress, providing special concession necessary for petroleum exploitation and giving present owners one year obtain such concessions, on ground that it will lead to equivalent nationalization of industry.	1062
629	-----do-----	Jan. 24	Mexican Constitution of 1917. Advise Department whether certain articles infringing upon rights of land owners are before convention.	949
630	-----do-----	Jan. 25	Protection of American mining interests. Inform authorities that this Government emphatically dissents from General Carranza's declaration and must insist that your representations be given adequate consideration.	1040
653	Mr. Parker to Mr. Lansing (telegram).	---do---	Mexican Constitution of 1917. Transmits text of Art. 123 relative to labor.	949
631	Mr. Lansing to Mr. Parker (telegram).	---do---	Financial affairs. Report at once status of National Bank of Mexico and Bank of London and Mexico, stating important developments and aggregate amount forced loans.	1006
	Mr. Dawson to Mr. Lansing (telegram).	---do---	Protection of American oil interests. Quotes telegram from commander of the <i>Nashville</i> to the <i>Tacoma</i> , Tampico, stating Pelaez demands tribute of oil companies and Carranzistas threaten burn property if payment is made. Oil interests placed in serious dilemma.	1062
657	Mr. Parker to Mr. Lansing (telegram).	Jan. 26	Financial affairs. Reports both banks in charge of Government liquidating committees but no progress made on account intentions of Government not being serious.	1006
655	Same to same (telegram).	---do---	Mexican Constitution of 1917. Quotes briefly the text of Art. 27.	949
638	Mr. Lansing to Mr. Parker (telegram).	Jan. 27	Protection of American oil interests. Advise Department of full text of latest proposed amendment relative to nationalization oil fields.	1059

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
635	Same to same (telegram).	1917 Jan. 27	Same subject. Reference Consul Dawson's report Jan. 25 and requests facts be brought immediately to attention proper authorities with view to preventing molestation by <i>de facto</i> commanders.	1062
4406	General Funston to General McCain (telegram).	---do---	Asylum to Chinese refugees from Mexico. Has instructed General Pershing to authorize Chinese refugees to accompany his forces to the United States.	1088
643	Mr. Lansing to Mr. Parker (telegram).	Jan. 29	Protection of American mining interests. Expedite information action taken reference Department's request telegram 613, Jan. 13, 6 p. m.	1041
5767	General McCain to General Funston (telegram).	Jan. 30	Political affairs. Has been learned that General Pershing has Mexican prisoners alleged to have had connection with Columbus raid, Secretary of War directs that Pershing be informed that disposition of these prisoners has been taken up with State Department, and pending decision will be kept in custody of military authorities.	907
	Mr. Baker to Mr. Lansing.	---do---	Same subject. Incloses copy of telegram from General Funston reporting movement of Pershing's command to border.	907
661	Mr. Parker to Mr. Lansing (telegram).	---do---	Protection of American oil interests. Transmits sec. 10 of Art. 27 of Department of Fomento's initiative.	1060
4447	General Funston to General McCain (telegram).	Jan. 31	Political affairs. General Pershing reports that the 21 Mexican prisoners are being held in stockade at Columbus, N. Mex., pending decision by State Department.	908
	Mr. Cobb to Mr. Lansing (telegram).	---do---	Protection of Americans and American interests. Bishop Hearst reports 200 Mormons remaining Colonia Juarez. Have advised him Villa's anger and urged their withdrawal.	1019
	Mr. Baker to Mr. Lansing.	Feb. 2	Political affairs. Transmits telegram from General Funston quoting telegram from General Pershing reporting movement of troops.	908
647	Mr. Lansing to Mr. Parker (telegram).	---do---	Protection of American mining interests. If authorities will not withdraw the decree, use your very best efforts to have time limit extended.	1041

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	Mr. De Negri to Mr. Lansing.	1917 Feb. 5	Embargo on exportation of arms and munitions into Mexico. Requests permission to export ammunition into Mexico for use of General Murguia, notwithstanding the embargo.	1079
4509	General Funston to General McCain (telegram).	Feb. 6	Political affairs. Quotes telegram from General Pershing: Troops returning from Mexico crossed line to-day; all Government property brought out.	908
654	Mr. Lansing to Mr. Parker (telegram).	---do---	Financial affairs. Instructs him to protest to <i>de facto</i> Government against forced liquidation of banks and states that it would appear, aside from dictates of right and justice, that that Government would refrain from action simply as matter of self-interest.	1007
1808	Mr. Lansing to Mr. Jusserand.	Feb. 7	Same subject. Informs him of his note to Mr. Parker Feb. 6.	1008
681	Mr. Parker to Mr. Lansing.	Feb. 7	Mexican Constitution of 1917. Transmits copies of <i>Diario Oficial</i> containing entire text of the reformed Constitution.	950
	Mr. Baker to Mr. Lansing.	Feb. 8	Political affairs. Refers to Department's Jan. 9, and quotes statement of General Pershing, which says offices occupied by our troops were not Government property.	909
1810	Mr. Lansing to Mr. Jusserand.	---do---	Financial affairs. Acknowledges receipt of his note of Jan. 25 and refers him to his note to Mr. Parker Feb. 7.	1009
657	Mr. Lansing to Mr. Parker (telegram).	---do---	Protection of American mining interests. Inform Department immediately prospects of obtaining withdrawal decree of Sept. 14, or further extension of time.	1041
683	Mr. Parker to Mr. Lansing.	Feb. 9	Protection of American oil interests. Transmits copy of note sent in reply to his request for copy of decree relative to the exploration and exploitation of minerals; also decree.	1063
40	Mr. Lansing to Mr. Koo.	Feb. 9	Asylum to Chinese refugees from Mexico. Quotes telegram sent by the Immigration Bureau to the Inspector at El Paso in regard to the admission and care of Chinese refugees from Mexico.	1088
674	Mr. Parker to Mr. Lansing (telegram).	Feb. 10	Protection of American mining interests. Reference Department's 657. No prospect of withdrawal of decree or extension of time.	1041

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. De Negri.	1917 Feb. 10	Embargo on the exportation of arms and munitions into Mexico. Declines permission to export ammunition.	1079
	Same to same-----	Feb. 12	Political affairs. Replies further to his letter of Jan. 8 and informs him report received by Secretary of War states that property occupied belonged to American citizens.	909
661	Mr. Lansing to Mr. Parker (telegram).	---do---	Protection of American mining interests. Request matter be left undetermined until Mr. Fletcher assumes charge. Report decision as soon as possible.	1042
675	Mr. Parker to Mr. Lansing (telegram).	Feb. 13	Same subject. Minister Fomento Morry informs me he had interview with President Carranza regarding forfeiture properties; considers sufficient time to have elapsed. My opinion no drastic action will be taken.	1042
36	Mr. Koo to Mr. Lansing.	Feb. 14	Asylum to Chinese refugees from Mexico. Has instructed the Chinese Consul General at San Francisco to proceed to El Paso and cooperate with the Immigration authorities.	1089
669	Mr. Lansing to Mr. Parker.	Feb. 17	Protection of American mining interests. Reported decree of Sept. 14 would not be enforced until May 14; investigate whether correct.	1042
137	Mr. Coen to Mr. Lansing.	---do---	Same subject. Reports that all mines are closed and is impossible to reopen on account of bandits and the impossibility of getting fuel and other supplies to the mines; efforts have been made but all have proved futile.	1042
1	Mr. Lansing to Mr. Fletcher (telegram).	Feb. 19	Same subject. Advise whether correct report that decree has been issued requiring foreigners to waive national rights with respect to real estate or mines.	1043
2	Mr. Fletcher to Mr. Lansing (telegram).	---do---	Same subject. Mining interests which have explained to Minister of Fomento reasons for non-compliance with Decrees of Sept. 14 and Nov. 14 will be granted further last extension of time; those which have not asked for any extension will be intervened by Ministry of Finance as soon as their properties may be declared forfeited by Ministry of Fomento.	1043
4	Same to same (telegram).	Feb. 20	Same subject. No decree existing affecting property with clear title, but affects only those now under negotiation or to be acquired in future.	1044

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
3	Same to same (telegram).	1917 Feb. 21	Same subject. Incloses copy of latest official statement issued in connection with decrees requiring operation of mines.	1044
8	Mr. Lansing to Mr. Fletcher (telegram).	Feb. 24	Same subject. Make representations to the <i>de facto</i> Government and point out that the American Government desires to do all possible in order that mining operations may be resumed; request that Government submit list of mining districts which enjoy necessary facilities to the end that decrees may be withdrawn.	1045
8	Mr. Fletcher to Mr. Lansing (telegram).	Feb. 26	Same subject. Text of Department's No. 8 embodied in memorandum and presented to Minister for Foreign Affairs, who will consider it with colleagues and the President; representations already made sufficient, further ones may be prejudicial to our interests.	1045
16	Mr. Lansing to Mr. Fletcher (telegram).	Feb. 28	Same subject. Department views with satisfaction assurances that it is not intention of <i>de facto</i> Government to confiscate American property.	1046
	Mr. Edwards to Mr. Lansing (telegram).	---do---	Political affairs. Murguia states Villa eliminated, his physical condition forcing retirement, only police work left to be done; general belief that tranquility will prevail.	909
	Mr. Blocker to Mr. Lansing (telegram).	Mar. 8	Same subject. British Vice Consul reports overwhelming forces Government troops pressing Villa from west and north; appears he is making for Sierras, Dieguez cutting across country in hope of intercepting him.	910
25	Mr. Lansing to Mr. Fletcher.	---do---	Protection of American mining interests. Bring to attention of <i>de facto</i> Government contents of Vice Consul Coen's No. 137 telling conditions in Durango Consular district and request force be sent to protect American property.	1046
14	Mr. Fletcher to Mr. Lansing (telegram).	Mar. 10	Same subject. Reference plan suggested in your No. 8. Carranza states would be better for all owners who can not operate to notify Ministry of Fomento giving reasons; also, that it is not intention of his Government to confiscate these properties.	1047
20	Same to same (telegram).	Mar. 12	Political affairs. Reports election of Carranza as President.	910

MEXICO—Continued

No.	From and to whom	Date ,	Subject	Page
14	Same to same-----	1917 Mar. 13	Same subject. Reports presentation of letters of credence to Carranza on 3d. Describes visit to Guadalajara on Feb. 28 to confer with First Chief.	910
16	-----do-----	-----do-----	Same subject. Reports on elections for President, Deputies, and Senators and gives methods in detail. Generally considered by friends of First Chief that he will be in control of both Houses of Congress as care was taken to elect men closely identified with President-elect.	912
23	-----do-----	Mar. 14	Protection of American mining interests. Details of procedure in applying for extension of time, incloses copy of Embassy's memorandum to mine owners inquiring for information in the matter; also circular issued by Department of Fomento containing regulations on the subject.	1047
46	Mr. Lansing to Mr. Fletcher (telegram).	Mar. 15	Same subject. Mine owners just learned about circular requiring certain data in specified time and assert they are unable to compile it in limited time. Request 90 days' extension.	1050
40	Mr. Koo to Mr. Lansing.	Mar. 16	Protection of Chinese in Mexico. Requests that American consular officers be instructed to use their good offices in behalf of Chinese citizens in Mexico.	1089
24	Mr Fletcher to Mr. Lansing (telegram).	Mar. 17	Protection of American mining interests. Indications are extension will be granted as Minister of Fomento appreciates difficulty of short time compliance and promises to take up with First Chief the whole mining question very soon.	1051
40	Mr. Lansing to Mr. Fletcher.	Mar. 19	Financial affairs. Incloses French Ambassador's note to the Secretary of State, dated Mar. 13, relative to further forced loans.	1009
28	Mr. Fletcher to Mr. Lansing.	Mar. 21	Protection of American oil interests. Incloses copy of translation of note in reply to Mr. Parker's representations, relative to the situation of American oil companies, which denies that foreigners have been mistreated or property molested in any way.	1064

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
140	Mr. Coen to Mr. Lansing.	1917 Mar. 22	Protection of American mining interests. Transmits Circulars 30 and 31 and copy of Art. 5 of Mining Law of June 4, 1892 and states reasons for impossibility of compliance within specified time. Believes majority have not made petition requested, thus vast properties will be confiscated.	1051
	Mr. Lansing to Mr. De Negri.	Mar. 23	Political Affairs. The War Department advises this Department that the American military authorities are making every effort to break up raiding parties along the Mexican border.	914
44	Mr. Lansing to Mr. Koo.	---do---	Protection of Chinese in Mexico. The American consular officers in Mexico have been instructed to use their good offices in behalf of Chinese citizens in Mexico.	1090
	Mr. Lansing to Mr. Silliman.	---do---	Same subject. Instructs to render good offices to Chinese resident in Mexico. (Same to other consular officers in Mexico.	1090
	Mr. Robertson to Mr. Lansing.	Mar. 27	Political Affairs. Reports Luis de la Rosa, leader of numerous border raids, will be tried before court-martial.	914
44	Mr. Fletcher to Mr. Lansing.	Mar. 30	Protection of American mining interests. Extension of one month will be granted for compliance with decree of Feb. 21; previous decrees to be enforced.	1052
88	Mr. Lansing to Mr. Fletcher (telegram).	Apr. 3	Protection of Americans and American interests. American property in States of Oaxaca and Chiapas menaced by revolutionists; request authorities extend protection.	1020
93	Same to same (telegram).	Apr. 4	Seizure and confiscation of American properties and forced loans. Urgently request suspension of sale of Richardson Co's. property so that matters of difference may be investigated by both Governments. Make report.	1072
94	---do-----	Apr. 5	Protection of American mining interests. Try to obtain more liberal extension; Department believes Minister of Fomento's threat to be contrary to assurances given by First Chief and Foreign Minister; make every possible effort to prevent confiscation.	1053
63	Mr. Fletcher to Mr. Lansing (telegram).	Apr. 10	Same subject. Transmits copy of decree of Mar. 31 prescribing method of obtaining title to mining properties for which original concessions have been canceled.	1053

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
85	Same to same (telegram).	1917 Apr. 12	Seizure and confiscation of American properties and forced loans. Sonora authorities ordered to suspend proceedings against Richardson Co.	1073
117	Mr. Lansing to Mr. Fletcher (telegram).	Apr. 17	Same subject. Proceedings against company resumed April 13. Again request suspension.	1073
83	Mr. Fletcher to Mr. Lansing.	Apr. 18	Report of President-elect Carranza to the Congress. Incloses Carranza's report to the Congress meeting in extraordinary session on 15th.	983
80	Same to same-----	Apr. 19	Financial affairs. Incloses copy of a decree issued by Carranza April 6, providing for the liquidation of banks and modifying Art. 5 of the decree of Dec. 14, 1916.	1009
81	-----do-----	---do---	Protection of American oil interests. Transmits translation of decree of Apr. 13, 1917, to go into effect May 1, establishing rates of taxation for petroleum and its products.	1065
	Mr. Bonillas to Mr. Lansing.	Apr. 20	Political affairs. Requests return of arms taken by our garrison at Ruidosa, Tex. from Mexican soldiers who crossed frontier.	915
113	Mr. Fletcher to Mr. Lansing (telegram).	---do---	Protection of American mining interests. Circular just published states transactions made with agencies of State of Oaxaca relative to mining properties from June 3, 1915 to Mar. 3, 1916 are null and void on account that State refusing obedience to Carranza Government during that time; parties given until June 15 to renew transactions.	1054
89	Same to same-----	Apr. 21	Same subject. Transmits copy of circular relative to mining properties in State of Oaxaca.	1054
	Mr. Lansing to Mr. Fletcher (telegram).	Apr. 21	Political affairs. The President accorded formal recognition to Señor Bonillas as Ambassador of <i>de facto</i> Government and stated that the United States wishes to see stable government established in Mexico.	915
	Mr. Lansing to Mr. Bonillas.	Apr. 25	Same subject. Acknowledges his note of Apr. 20 and refers him to Department's note of Mar. 23, 1917.	915

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
131	Mr. Lansing to Mr. Fletcher (telegram).	1917 Apr. 25	Protection of Americans and American interests. Dawson reports employees of Eagle Oil Company strike and assault American official and British manager. No action taken by authorities until British Consul demanded protection. Request Government instruct Tampico officials take definite steps to insure protection life and property.	1020
	Mr. Dawson to Mr. Lansing (telegram).	Apr. 26	Same subject. Strike spreads to American Pierce Oil Corporation. Strikers in control supported by I. W. W. and probably backed by German intrigue. Grave need for protection which authorities fail to give.	1020
	Mr. Rowe to Mr. Lansing.	---do---	Political affairs. Transmits copy of his report on the American-Mexican Joint Commission.	916
93	Mr. Fletcher to Mr. Lansing.	---do---	Report of President-elect Carranza to the Congress. Incloses that portion of the report relating to the activities of the Department of Foreign Affairs.	991
140	Same to same (telegram).	Apr. 27	Political affairs. Reports election Carranza declared official.	938
	Mr. Lansing to Mr. Fletcher (telegram).	---do---	Protection of Americans and American interests. Refers Dawson's Apr. 26. Instructs him bring matter to attention Carranza at once and request Tampico authorities be ordered to afford protection.	1021
	Mr. Fletcher to Mr. Lansing (telegram).	---do---	Same subject. Minister for Foreign Affairs gives assurances he will at once request Ministry of War and Marine to order the military at Tampico to afford protection.	1021
139	Mr. Baker to Mr. Lansing.	Apr. 28	Asylum to Chinese refugees from Mexico. Incloses telegram from General Pershing concerning transfer of refugees to San Antonio. Asks to be advised what action to take.	1090
	Mr. Lansing to Mr. Bonillas.	Apr. 30	Political affairs. Acknowledges receipt of note of Apr. 20, and says he has requested Secretary of War and Secretary of Treasury to instruct appropriate authorities to comply with request.	939
	Mr. Dawson to Mr. Lansing (telegram).	---do---	Protection of Americans and American interests. Immediate question settled by reason of naval intervention but strike is spreading.	1021

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	President Carranza to President Wilson.	1917 May 1	Political affairs. Announces his assumption of office of presidency upon having been elected by free vote of people.	939
99	Mr. Fletcher to Mr. Lansing.	---do---	Protection of American oil interests. Transmits copy and translation of decree issued Apr. 24, 1917, in connection with previous decrees relative to renouncing rights as foreigners.	1060
49	Mr. Lansing to Mr. Koo.	---do---	Asylum to Chinese refugees from Mexico. Incloses letter from the War Department of Apr. 28, and requests his decision in this matter.	1091
46	Mr. Koo to Mr. Lansing.	---do---	Same subject. Is sending instructions to the Chinese Consul General at Columbus to permit the refugees to be sent to San Antonio and there to accept employment by the American military establishment.	1091
112	Mr. Fletcher to Mr. Lansing.	May 2	Political affairs. Gives account of inauguration of President-elect Carranza and states no unusual incident took place.	940
141	Mr. Dawson to Mr. Lansing.	---do---	Protection of Americans and American interests. Narrates the events taking place in the strike situation in Tampico in so far as it involved the office of the American Consulate and the naval forces under Commander Symington.	102
177	Mr. Lansing to Mr. Fletcher (telegram).	May 12	Seizure and confiscation American properties and forced loans. Ascertain and report results of Mexican Government's instructions in matter of Richardson Co. tax. Governor of Sonora unyielding.	1073
51	Mr. Lansing to Mr. Koo.	---do---	Asylum to Chinese refugees from Mexico. His note No. 46 has been communicated to the military authorities and to the Department of Labor.	1092
	Mr. Post to Mr. Lansing.	---do---	Same subject. The Chinese who can not be immediately returned to China will be given employment by the military authorities.	1092
180	Mr. Fletcher to Mr. Lansing (telegram).	May 16	Seizure and confiscation American properties and forced loans. Reference Department's 177. Foreign Office states proceedings in case Richardson Co. can not be suspended, notwithstanding fact it has been done in case of Stocker and others.	1074

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Barclay to Mr. Lansing.	1917 May 19	Financial affairs. Reports demand upon the Banco Internacional Hipotecario, belonging to an English family, for money; requests cooperation of the United States Government in some action.	1010
205	Mr. Lansing to Mr. Fletcher (telegram).	May 24	Same subject. Refers to Counselor Barclay's note of May 19, and directs him confer with British Legation; may use discretion in regard to making protest.	1012
	Mr. Lansing to Mr. Spring Rice.	May 25	Same subject. Refers to British Embassy's May 19, and informs him the American Ambassador has been instructed to confer with British Legation and in his discretion to make informal protest.	1012
184	Mr. Fletcher to Mr. Lansing.	May 29	Protection of American mining interests. Communication received from Foreign Office stating that military commander of Durango is energetically persecuting bandits with view to affording adequate protection.	1055
217	Mr. Lansing to Mr. Fletcher (telegram).	May 31	Protection of Americans and American interests. Directs him to urge authorities to take prompt steps to afford protection to American lives and property in Yaqui Valley.	1024
	Mr. Baker to Mr. Lansing.	June 1	Political affairs. Informs him arms have been turned over to Mexican consular agent at Presidio, Tex., for return to Mexico.	940
	Mr. Bonillas to Mr. Lansing.	June 2	Same subject. Reports fight between Villista and Constitutional forces at Ojinaga, the retiring of the latter across the river into Presidio, Tex. and requests that Mayor Mitchell of Presidio be instructed to release Mexican troops to aid in pursuing Villa.	941
200	Mr. Fletcher to Mr. Lansing.	June 5	Embargo on the exportation of arms and munitions into Mexico. Interviewed General González at dinner of Belgian Legation. General intimates lifting of embargo would establish friendlier relations between the two countries and stamp out lawless bands who are menace to peace of country. Recommends 5,000,000 rounds of ammunition be released in order to determine effect on Mexican public opinion.	1080

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Lansing to Mr. Bonillas.	1917 June 6	Political affairs. Informs him Secretary of War has been requested to instruct military authorities to permit the return to Mexico of the Ojinaga garrison.	941
	Same to same-----	---do---	Same subject. The Secretary of War has instructed the military authorities to permit the Mexican soldiers, refugees at Presidio, Tex., to return to Mexico.	942
203	Mr. Fletcher to Mr. Lansing.	---do---	Protection of Americans and American interests. Foreign Office states that the Governor of the State of Tamaulipas reports that he has issued orders for investigation of the strike and for protection at Tampico; also that orders of similar nature were issued by Department of War and Marine.	1024
234	Mr. Lansing to Mr. Fletcher (telegram).	---do---	Protection of American oil interests. Say to General Carranza that this Government is reluctant to believe it is the intention of <i>de facto</i> Government to depart from assurances given to you at various times, but retroactive legislation points directly to confiscation, and that, pending consideration of these matters, all confiscatory action be suspended.	1067
229	Mr. Fletcher to Mr. Lansing (telegram).	June 7	Same subject. Reports telegraphic instruction can not be complied with at once as President is sick, and requests that that portion of it relating to petroleum taxes be omitted as would be fruitless, considering Mexican Government badly in need of money. Is convinced Government is not disposed to antagonize American interests and if financial assistance could be secured friendly adjustment of questions could be arrived at.	1068
214	Same to same-----	---do---	Protection of Americans and American interests.* Refers to department's 88 and reports that adequate protection has been promised.	1024
221	---do-----	June 11	Same subject. Foreign Office states it has recommended to War Department the request contained in your telegram 217.	1025
235	Same to same (telegram).	---do---	Protection of American oil interests. Will be impossible to delay very long issuance of petroleum decree providing tax equivalent to 10 per cent. Has requested Foreign Office to ask President to delay promulgation.	1069

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
252	Mr. Lansing to Mr. Fletcher (telegram).	1917 June 14	Protection of American mining interests. Instructs him to bring to attention General Carranza treatment to which American-owned property is being subjected by local authorities in State of Sonora.	1056
267	Mr. Polk to Mr. Fletcher (telegram).	June 16	Protection of American oil interests. Quotes telegram from Consul, Tampico, which says Mexican Government refuses to grant permit to drill wells on leases taken since Feb. 5, date new constitution was promulgated. Acting upon announcement that new constitution would not be effective until May 1, companies acquired new leases.	1069
	Mr. Simpich to Mr. Lansing.	June 20	Protection of Americans and American interests. Outlines details of events in Yaqui Valley since his report of Feb. 1916. On the whole Americans have not been molested and Yaqui menace is no less or no more serious than formerly.	1025
	Mr. Cobb to Mr. Lansing (telegram).	---do---	Seizure and confiscation of American properties and forced loans. Chihuahua government authorities call for forced loan of \$25,000 in spite of fact they have money on deposit in El Paso.	1074
285	Mr. Lansing to Mr. Fletcher (telegram).	June 23	Protection of American oil interests. Instructs him to use his discretion in determining whether this would be an opportune time to inquire of General Carranza his intentions as to the carrying into effect of retroactive legislation which would amount to nationalization of petroleum property.	1069
270	Mr. Fletcher to Mr. Lansing (telegram).	June 25	Protection of American mining interests. Information states instructions sent to Sonora Governor to endeavor to adjust difficulties.	1056
278	Same to same (telegram).	June 27	Protection of American oil interests. Petroleum bill has not yet reached Congress and is likely that it will not until opening of regular session Sept. 1. No retroactive provisions anticipated.	1070
	Mr. Cobb to Mr. Lansing (telegram).	---do---	Seizure and confiscation of American properties and forced loans. American S. & R. Co. assessed 5,000 pesos as part of forced loan. Train service between Chihuahua and Juarez may be resumed.	1074

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Same to same (telegram)	June 28	Same subject. Agent of Chihuahua mining company reports forced loan of 5,000 pesos, but is hard to justify as the Government has ample money in Juarez.	1074
	----- do -----	June 29	Same subject. Communication between Juarez and Chihuahua now opened, consequently no excuse for maintenance of forced loan. Suggests Carranza be called upon to order Chihuahua authorities to return loan.	1074
	----- do -----	----- do -----	Same subject. Refers his June 29. Forced loan intended to raise 500,000 pesos; 10 parties imprisoned for failure to comply.	1075
	Mr. Lansing to Mr. Cobb (telegram).	June 30	Same subject. Ascertain truth of incidents. Your June 28, and advise Department new developments.	1075
	Mr. Cobb to Mr. Lansing (telegram).	----- do -----	Same subject. Quotes letter from Chihuahua giving incident in connection with forced loan.	1075
	Same to same (telegram).	July 3	Same subject. Reliable information from Chihuahua states business men and others refusing to comply with loan were imprisoned. Military disclaims responsibility for loan, but, nevertheless made arrests. No attempt to repay as yet.	1075
	Mr. Lansing to Mr. Cobb (telegram).	----- do -----	Same subject. Refers his June 29. In case any American companies complain, Department will give matter prompt consideration.	1076
303	Mr. Lansing to Mr. Fletcher (telegram).	----- do -----	Protection of Americans and American interests. Having been informed strike threatened Tampico, instructs him to confer with authorities to end that it may be averted and foreign property receive protection.	1028
	Mr. Cobb to Mr. Lansing (telegram).	July 5	Seizure and confiscation of American properties and forced loans. Murgia is in Chihuahua. Americans affected inclined to wait and see what he will do before complaining to Department.	1076
	Same to same (telegram).	July 6	Same subject. Reference Department's July 3. Two American companies protesting directly to authorities here with no consequence. I have urged them make complaints to State Department.	1076
	----- do -----	July 7	Same subject. Promise of repayment July 15 but is not believed; business taxes increased.	1077

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
		1917		
A-151	Mr. Bonillas to Mr. Lansing.	July 7	Embargo on exportation of arms and munitions into Mexico. Transmits note from Mexican Government requesting forwarding to Mexico the ammunition detained at the border on the ground that it was detained on strength of order not in effect at time of purchase.	1082
A-152	Same to same.-----	do-----	Same subject. Note transmitted from Mexican Government. Requests that embargo be removed in order to supply Mexican companies with explosives to carry on and improve their works.	1087
313	Mr. Summerlin to Mr. Lansing.	July 9	Protection of Americans and American interests. Makes further reference to Department's 217, May 31, relative to trouble in Yaqui Valley and incloses note from Foreign Office in regard to it.	1028
311	Same to same.-----	do-----	Protection of American oil interests. Incloses correspondence with the Foreign Office relative to the refusal to grant permits to drill wells.	1070
	Proclamation-----	do-----	Embargo on exportation of arms and munitions into Mexico. A Proclamation by the President. Certain exports in time of war unlawful.	1083
314	Mr. Polk to Mr. Fletcher (telegram).	July 10	Seizure and confiscation American properties and forced loans. Governor orders resumption sale Richardson property on account delinquent taxes. Instructs him renew urgently request for suspension proceedings.	1077
	Mr. Cobb to Mr. Lansing.	July 13	Same subject. Information shows forced loan to be generally repaid.	1077
	Mr. Jusserand to Mr. Lansing.	July 14	Financial affairs. Suggests certain guaranties be stipulated for the protection of foreign capital in case Carranza should make application to American Government for a loan.	1012
	Mr. Scofield to Mr. Lansing.	July 16	Political affairs. Reports that the Ojinaga garrison were released and authorized to return to Ojinaga June 2.	942
	Mr. Dawson to Mr. Lansing (telegram).	do-----	Protection of Americans and American interests. River boatmen strike led by I. W. W. paralyzing operation three American vessels. Officials promise protection but attitude is ambiguous and developments may assume large proportions.	1028

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
		1917		
216	Mr. Polk to Mr. Rodgers (telegram).	July 17	Seizure and confiscation of American properties and forced loans. Since war has been avoided Governor states he is ordering release of Richardson Co's. property.	1077
337	Mr. Polk to Mr. Summerlin (telegram).	July 19	Embargo on the exportation of arms and munitions into Mexico. Ask interview with President Carranza and say that upon recommendation of Ambassador Fletcher, American Government orders release of 2,733,000 cartridges now detained at border.	1085
	Mr. Polk to Mr. Bonillas.	July 20	Same subject. Referring to his note of July 7, the Mexican Ambassador is informed the American Government has authorized the exportation of the munitions requested.	1085
324	Mr. Summerlin to Mr. Lansing (telegram).	--- do ---	Same subject. Department's telegraphic instruction No. 337 complied with and President Carranza's thanks communicated.	1085
	Mr. Polk to Mr. Dawson (telegram).	July 21	Same subject. Department has informed Mexican Government that 2,700,000 rounds ammunition will be released for shipment into Mexico. Ambassador Fletcher will return at once to Mexico and arrange details to insure safe delivery into hands of proper authorities of Mexican Government.	1085
	Mr. Dawson to Mr. Lansing (telegram).	July 22	Protection of Americans and American interests. Strike well under way. Government can not control situation account lack of troops. Agitators receive money from Galveston.	1029
349	Mr. Summerlin to Mr. Lansing.	July 23	Financial affairs. Incloses copy and translation of a decree directing liquidation of banks of issue in connection with decree of Dec. 14, 1916.	1012
337	Same to same (telegram).	July 25	Protection of Americans and American interests. Private advice from Tampico states force arrived there sufficient to handle situation.	1029
161	Mr. Lansing to Mr. Dawson.	July 26	Protection of American oil interests. Refers to Department's 267, June 16. Incloses Ambassador's note to Minister of Industry and Commerce and Minister's reply in which he states Department of Petroleum issued order refusing permits to drill wells.	1071

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Polk to Mr. Bonillas.	1917 July 26	Embargo on exportation of arms and munitions into Mexico. In reply to note of July 7, Mr. Polk informs the Mexican Ambassador of President's Proclamation of July 9, which prohibits certain exports in time of war and says he has referred request of the Undersecretary of State to the Exports Embargo Council.	1086
352	Mr. Fletcher to Mr. Lansing (telegram).	Aug. 2	Financial affairs. Carranza informs him of two offers for loan from private sources and suggests that he be allowed to assure the Mexican Government that the United States will not oppose his borrowing.	1013
350	Same to same (telegram).	---do---	Embargo on exportation of arms and munitions into Mexico. Appreciation of action of our Government in regard to cartridges expressed by Mr. Carranza, and his request that they be distributed at various points along railway.	1086
351	-----do-----	---do---	Protection of American oil interests. In an interview with the President he stated that the Mexican Government did not intend to take over properties now in exploitation and that there would be no confiscation of these properties.	1072
378	Mr. Polk to Mr. Fletcher (telegram.)	Aug. 3	Embargo on exportation of arms and munitions into Mexico. Inform President Carranza arrangement satisfactory.	1087
386	Same to same (telegram).	Aug. 6	Protection of American oil interests. Inform the President of Mexico that this Government has taken due notice of his statement of August 2, 1917.	1072
391	Mr. Lansing to Mr. Fletcher (telegram).	Aug. 8	Financial affairs. Say to General Carranza that our Government will not veto proposed loan, but suggest as your opinion that the chances of obtaining it are slight unless proper guaranty is given.	1014
392	Mr. Fletcher to Mr. Lansing.	Aug. 10	Protection of American mining interests. Reference Department's telegram No. 8, Feb. 24. Note from Foreign Office states that information regarding transportation, military protection, etc., can not be given in case of regions in which there are rebels.	1057

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
402	Same to same-----	1917 Aug. 15	Protection of Americans and American interests. Refers to strike situation and incloses copy of note from Foreign Office.	1029
423	-----do-----	Aug. 22	Seizure and confiscation American properties and forced loans. Transmits copy of note from Foreign Office stating proceedings have been suspended in order that definite and just action might be taken in matter.	1078
285	Mr. Lansing to Mr. Fletcher.	Aug. 31	Political affairs. Transmits President's acknowledgment of President Carranza's letter wherein he announces his assumption of office.	943
409	Mr. Fletcher to Mr. Lansing (telegram).	---do---	Financial affairs. Reports announcement that the Banco Central and the Banco Hipotecario will be placed in liquidation.	1014
432	Same to same (telegram).	Sept. 11	Embargo on exportation of arms and munitions into Mexico. All cartridges sent to Laredo; Mr. Carranza requests authorities there be instructed to pass entire consignment and make distribution.	1087
444	Mr. Lansing to Mr. Fletcher (telegram).	Sept. 14	Same subject. Recommended to Exports Administrative Board that it instruct collector, Laredo, to release entire consignment of cartridges.	1087
505	Mr. Fletcher to Mr. Lansing.	Sept. 25	Financial affairs. Reports issue of a decree providing for establishment of the Sole Bank of Issue Apr. 1, 1918, and fixing its capital at not less than 5,000,000 pesos.	1014
510	Same to same-----	Sept. 26	Political affairs. Reports delivery of President Wilson's message to Carranza acknowledging the latter's message in which he announces his assumption of the presidency.	943
	Mr. Dawson to Mr. Lansing (telegram).	Oct. 1	Protection of Americans and American interests. Strike developed Aguila Co., one threatens Pierce Oil. Demands of 50 per cent increase wages considered very improper.	1030
326	Mr. Lansing to Mr. Fletcher.	Oct. 6	Mexican Constitution of 1917. Quotes portion of Par. 1, Art. 27, and requests him to ascertain whether Mexican Government construes it as calling for complete renunciation of citizenship.	982

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
532	Mr. Fletcher to Mr. Lansing.	1917 Oct. 12	Financial affairs. Incloses text and translation of decree as published relative to the establishment of the Sole Bank of Issue.	1015
583	Same to same-----	Nov. 5	Mexican Constitution of 1917. Refers to Department's 326 and transmits note from Mexican Foreign Office which states foreigners are not required to renounce citizenship in an absolute manner.	982
	Mr. Cobb to Mr. Lansing (telegram).	Nov. 14	Political affairs. Deputy collector Presidio telegraphs Villa attacks Ojinaga daylight, fighting desultory.	943
	Mr. Lansing to Mr. Fletcher (telegram).	Nov. 15	Same subject. Department informed of attack by Villa at Ojinaga. It is feared this may endanger American life and property; communicate to proper authorities and say it is the opinion of this Government that Mexican Government should abandon oil fields and concentrate all energies along border.	944
	Mr. Cobb to Mr. Lansing (telegram).	Nov. 15	Same subject. Villistas capture Ojinaga; 300 Carranzistas surrender to Americans.	944
578	Mr. Polk to Mr. Fletcher (telegram).	Nov. 16	Protection of Americans and American interests. Department informed through Navy new strike in progress. Unless Governor Ricaut release I. W. W. imprisoned during last strike, labor leaders threaten general strike. Department wishes Mexican Government support Ricaut.	1030
	Mr. Lansing to Mr. Baker.	Nov. 22	Political affairs. Incloses translation of a note from Mexican Ambassador reporting arrest by American authorities of 27 Mexican soldiers who were pursued into Texas by malefactors. Asks their release if no objection is perceived.	944
	Mr. Lansing to Mr. Bonillas.	---do---	Same subject. Informs him he has commended his request to the consideration of the Secretary of War.	945
377	Mr. Lansing to Mr. Fletcher.	Nov. 27	Protection of American mining interests. Furnish Department with copy of new mining law reported in Mr. Summerlin's telegram 342, July 30.	1057
	Mr. Simpich to Mr. Lansing (telegram).	Dec. 6	Protection of Americans and American interests. Yaquis attack Esperanza and burn headquarters Richardson Co.; General Mange leaves to try to restore order.	1030

MEXICO—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Dec. 8	Same subject. Reports killing of foreigners in raid on Esperanza Dec. 6. Governor doing all possible with force at his command but situation at times beyond control.	1031
	-----do-----	---do---	Same subject. Indian situation serious on account insufficient and inefficient Mexican forces. Persons murdered at Empalme and Guaymas.	1031
620	Mr. Lansing to Mr. Fletcher (telegram).	---do---	Same subject. Request authorities to dispatch force to Esperanza sufficient to cope with Indian situation.	1032
	Mr. Lansing to Mr. Simpich (telegram).	---do---	Same subject. Instructs to make detailed report on Yaqui situation in Sonora.	1032
	Same to same (telegram).	---do---	Same subject. Request State authorities to afford protection also in Yaqui Valley.	1032
	Mr. Simpich to Mr. Lansing (telegram).	Dec. 10	Same subject. Refers to his Dec. 8 and reports Rasmussen only American killed in raid on Esperanza.	1032
	Same to same (telegram).	---do---	Same subject. Effort made by Constitutionalist forces to protect Esperanza, 1,000 troops there, main body Indians withdrawn to north with few bands left southwest stealing cattle, led by Villistas.	1033
41	Same to same.-----	Dec. 11	Same subject. Makes extended report on the Yaqui situation in Sonora.	1033
627	Mr. Lansing to Mr. Fletcher (telegram).	Dec. 12	Same subject. Gives text of Consul Simpich's telegram Dec. 8, and directs him urge prompt dispatch of force to insure protection in Yaqui Valley.	1035
	Mr. Lansing to Mr. Simpich (telegram).	---do---	Same subject. Refers his Dec. 8 and Dec. 10. Embassy has been instructed as to situation and directs him continue representations.	1036
	Mr. Simpich to Mr. Lansing (telegram).	Dec. 14	Same subject. Yaqui situation unchanged and further raids expected, in which case Americans are almost unprotected.	1036
663	Mr. Summerlin to Mr. Lansing.	Dec. 19	Same subject. Reports receipt of two notes from Foreign Office both of which state that the Department of War has been requested to send sufficient troops to region menaced by Indians.	1036

MEXICO—Continued

No.	From and to whom	Date*	Subject	Page
	Mr. Simpich to Mr. Lansing (telegram).	1917 Dec. 19	Same subject. No attempt by Mexican troops to attack Indians encamped just outside American settlements. Forty-five Americans remaining in valley to protect property are in constant danger.	1036
	Mr. Lansing to Mr. Simpich (telegram).	---do---	Same subject. Refers to his Dec. 14 and informs him Department is instructing Embassy to renew requests for protection of Americans.	1037
652	Mr. Lansing to Mr. Fletcher (telegram).	---do---	Same subject. Gives text of Consul Simpich's Dec. 14 and instructs him to renew urgently his request for protection.	1037
660	Same to same (telegram).	Dec. 22	Same subject. Instructs him bring text of Simpich's Dec. 19 to attention authorities and suggest that troops from outside State of Sonora be despatched to afford protection.	1037
	Mr. Bonillas to Mr. Lansing.	---do---	Political affairs. Reports receipt of telegram from President Carranza which tells of operations of bandits along border. Requests orders be issued to protect frontier.	945
404	Mr. Lansing to Mr. Summerlin.	Dec. 26	Protection of Americans and American interests. Incloses Consul Simpich's despatch reporting Yaqui situation and giving an account of conditions in Yaqui Valley. Instructs him impress upon Foreign Office seriousness of situation.	1037
29	Mr. Lansing to Mr. Simpich.	---do---	Same subject. Acknowledges receipt of despatch No. 41 and informs him copy has been sent to Embassy with instructions to impress upon Foreign Office the seriousness of situation in Yaqui Valley as affecting American lives and property.	1038
315	Mr. Lansing to Mr. Bonillas.	---do---	Political affairs. Acknowledges receipt of note of Dec. 22, and informs him he has sent copy to Secretary of War for such action as he may deem necessary.	945
	The British Embassy to the Department of State.	Dec. 31	Financial affairs. Dissolution of partnership of the Tehuantepec railway between Messrs. Pearson and the Mexican Government through stress of circumstances; British interests treated violently on account belief that His Majesty's Government has prevented supplies coming from the United States.	1016

MOROCCO

No.	From and to whom	Date	Subject	Page
1631	Mr. Lansing to Mr. Jusserand.	1917 Jan. 2	United States capitulatory rights in Morocco. French and Spanish Protectorates. In order that recognition of French Protectorate may be expedited suggests that it could be formally done and American capitulations considered later.	1093
	Mr. Jusserand to Mr. Lansing.	Jan. 8	Same subject. Acknowledges receipt of note of the 2d and assures him French Government appreciates proposal made therein and accepts it with satisfaction.	1093
	Mr. Lansing to Mr. Jusserand.	Jan. 15	Same subject. Refers to his note of 2d and formally recognizes establishment of French Protectorate in Morocco.	1094
	Mr. Jusserand to Mr. Lansing.	Jan. 19	Same subject. Expresses appreciation of his Government upon recognition of its protectorate by our Government, but suggests change in wording of note of recognition.	1095
	Mr. Riaño to Mr. Lansing.	July 25	Same subject. Requests that Spanish influence be recognized and clearly set forth as compared to French Protectorate, and that the United States renounce capitulations in Spanish sphere.	1095
600	Mr. Lansing to Mr. Riaño.	Aug. 20	Same subject. Refers to his July 25, requesting the renunciation of American capitulatory rights, and informs him that such may be accomplished only through treaty between the two powers and same to be ratified by the United States Senate.	1096
1977	Mr. Lansing to Mr. Jusserand.	Oct. 20	Same subject. Acknowledges receipt of his note of 19th and accepts change in wording of note of recognition to conform with French wishes.	1096

NICARAGUA

	Mr. Lansing to Mr. Jefferson (telegram).	1917 Jan. 10	Financial affairs. Quotes telegram received by the bankers from the foreign bondholders dated Jan. 5. Asks opinion as to statements therein.	1112
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NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Jefferson to Mr. Lansing (telegram).	1917 Jan. 12	Same subject. Department's Jan. 10. Provisions of telegram discussed with President and Minister of Finance. Have agreed to ask that such an agreement be entered into. On account of financial difficulties of Government probably one of best ways to aid Chamorro administration. Suggest that money held here by customs be turned over at once to the Nicaraguan Government.	1112
	Mr. Lansing to Mr. Jefferson (telegram).	Jan. 13	Same subject. Legation's Dec. 31 and Jan. 12. Bankers cabling to find out if bondholders will agree to better terms. Financial adviser and commission must be appointed before authorization of payment of Ethelburga interest. Upon appointment of adviser Department will consider authorizing sum to meet deficits of Government.	1113
	Mr. Jefferson to Mr. Lansing (telegram).	Jan. 18	Same subject. Matter of forming commission again discussed with President and his legal advisers. They strongly advised against including in the plan reopening of mixed claims awards. They agreed to comply with provisions of Art. 3 of the Bryan-Chamorro treaty subject to certain conditions. Gives conditions.	1113
	Mr. Lansing to Mr. Jefferson (telegram).	Jan. 26	Same subject. Legation's Jan. 18. Mixed claims awards. Department felt that speculators not entitled to full value if bought at low figure for purpose of great gain. What are your views and those of Government? Three propositions of President being carefully considered. Number one must wait result of investigation.	1113
	Mr. Jefferson to Mr. Lansing (telegram).	---do---	Same subject. Nicaraguan Government wishes Ethelburga be paid from money now on deposit from the Canal Treaty. In return expects certain money to be placed at its disposal by the United States Government. Executive has communicated to National Congress decree for purpose of creating a debt commission. President claims it would be impolitic to press for appointment of financial adviser at present time.	1114

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Lansing to Mr. Jefferson (telegram).	Jan. 26	Same subject. Department's Jan. 10, Legation's Jan. 12. For information of Legation Department quotes telegrams exchanged between bankers and Council of Foreign Bondholders with a view to making a satisfactory adjustment of Nicaragua's finances.	1114
	Mr. Jefferson to Mr. Lansing (telegram).	Jan. 30	Same subject. Department's Jan. 26. Decree for forming commission drawn in accordance with Art. 85, Sec. 15 of the Constitution which will give President and commission ample power to investigate any claim that has changed hands for purposes of speculation. No. 2 contemplates additional \$100,000 from Canal fund for college purposes.	1115
	Mr. Cuadra Z. to Mr. Lansing.	Jan. 31	Same subject. Names of members of Debt Commission sent to Congress. Decree relative thereto expected this week. Opportune time being awaited for presentation of name of financial adviser. Asks payment of sum of \$250,000, on account of proceeds of Canal Treaty.	1115
	Mr. Jefferson to Mr. Lansing (telegram).	Feb. 1	Same subject. Desires Ethelburga be paid amount necessary to cover the 25 coupons corresponding for the lapse of time from Jan. 1915, to Jan. 1, 1917, inclusive. President will submit to Congress question of a financial adviser at opportune time. Asks that Department authorize payment \$250,000 from the Canal fund for urgent needs.	1116
	Mr. Lansing to Mr. Jefferson (telegram).	---do---	Same subject. Department's Jan. 25, Legation's Jan. 26. Department now approves payment of \$250,000 to Government Nicaragua for pressing indebtedness and back salaries.	1116
	Same to same (telegram).	Feb. 2	Same subject. First paragraph Legation's Jan. 30, approved. Matter of additional \$100,000 must await result of investigation and report of commission.	1117
	Mr. Jefferson to Mr. Lansing (telegram).	Feb. 5	Same subject. Department's Feb. 1. Nicaraguan Government informed that sum of \$250,000 deposited to its order. On what bank are the drafts to be drawn for this amount?	1117

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
28	Mr. Lansing to Mr. Cuadra Z.	1917 Feb. 7	Same subject. Acknowledges note from Nicaraguan Minister dated Jan. 31. United States Government agrees to the applying of \$250,000 from the Canal fund to Government indebtedness and back salaries.	1117
	Mr. Lansing to Mr. Jefferson (telegram).	---do---	Same subject. Legation's Feb. 5. Department deposited to-day with Brown Brothers and Co., New York, Treasury warrant for \$250,000 to the order of the Government of Nicaragua under Art. 3 of the treaty. Money has been ordered cabled to National Bank of Nicaragua to be held subject to order of Minister of Finance and Ham Committee.	1118
	Mr. Jefferson to Mr. Lansing (telegram).	Feb. 23	Same subject. Passage of law creating debt commission. President wishes Secretary to indicate his choices of members. Lindberg would be very acceptable.	1118
	Mr. Lansing to Mr. Jefferson (telegram).	Feb. 27	Same subject. Legation's Feb. 23. Formation of commission by passage of law satisfactory to Department. Minister of Finance, Lindberg and Paxton to be third, will also be satisfactory.	1118
346	Mr. Jefferson to Mr. Lansing.	Feb. 28	Same subject. Incloses copy of the law creating Commission of Public Credit.	1119
	Same to same (telegram).	Mar. 7	Same subject. Department's Feb. 27. President approves appointment of Lindberg and Paxton. Commission to begin work at once.	1120
355	Same to same.-----	Mar. 19	Bryan-Chamorro Treaty. Incloses copy of the decision of the Central American Court in the case of the Government of El Salvador against Nicaragua relative to the concession of a naval base in the Gulf of Fonseca by the Nicaraguan Government in the Bryan-Chamorro treaty.	1100
	Mr. Cuadra Z. to Mr. Lansing.	Mar. 24	Financial affairs. President of Nicaragua urges that mention of a financial adviser be struck out of the contract with Ethelburga. Agrees to mention being made of Commission on the Revision of Debts.	1120

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Polk to Mr. Jefferson (telegram).	Mar. 24	Same subject. Legation's Dec. 31, first sentence, second paragraph, and Jan. 12. Financial plan devised necessitates arrangement with Ethelburga syndicate and is contingent upon appointment of financial advisor. Bankers threaten to withdraw their cooperation. Department confident President will undertake to remedy this condition.	1120
357	Mr. Jefferson to Mr. Lansing.	Mar. 28	Same subject. Incloses copy of data requested by the Commission of Public Credit of the holders of claims against the Government of Nicaragua.	1121
	Same to same (telegram).	Apr. 10	Same subject. President claims it would not be politic nor possible for him to appoint financial adviser. Favors letting matter go on as before in hands of Collector General of Customs and the bankers secured in their investment. Promises to live within the budget. Certain suggestions by the American Minister for Department's consideration.	1123
	Mr. Lansing to Mr. Jefferson (telegram).	Apr. 20	Same subject. Legation's Apr. 10. Objection of President Chamorro communicated to bankers. Bankers give tentative consent to renew negotiations with Ethelburga and to continue their cooperation with plan upon certain conditions. Gives conditions.	1123
33	Mr. Lansing to Mr. Cuadra Z.	Apr. 24	Same subject. Acknowledges note of Mar. 24 from the Nicaraguan Legation. General Chamorro's request for good offices in Ethelburga contract matter receiving consideration of Department.	1124
	Mr. Jefferson to Mr. Lansing (telegram).	May 25	Same subject. Quotes full text of agreement which Chamorro accepted for adjusting the indebtedness of the Government of Nicaragua. Requests to be informed immediately if it meets approval of Department.	1125
	Mr. Lansing to Mr. Jefferson (telegram).	June 21	Same subject. Legation's May 25. Plan accepted, provided certain modifications are made. Gives modifications desired.	1127
	Same to same (telegram).	---do---	Same subject. Plan for adjustment of financial difficulties of Nicaragua is being cabled. Quotes message explaining plan and instructs to communicate it to President contemporaneously with presenting plan.	1129

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Jefferson to Mr. Lansing (telegram).	July 4	Same subject. Department's June 21. Nicaraguan Government accepts plan of Department with certain recommendations. Gives recommendations.	1130
	Same to same (telegram).	July 11	Same subject. President requests out of first payment at least \$250,000 to make up balance of \$500,000 to pay back salaries. Desires be advised regarding counter proposition to plan of Department as he wishes to adjourn Congress.	1131
	Mr. Polk to Mr. Jefferson (telegram).	July 12	Same subject. Legation's July 4. Reply of Department in matter of certain recommendations in financial plan proposed by Nicaraguan Government.	1131
	Same to same (telegram).	July 18	Same subject. Legation's July 16. Department desirous that plan embodied in Department's June 21 be promptly adopted and a contract actually signed. Recommends that matter of interest on Emery claim and details of imposition of surtax on imports be eliminated from formal contract to be executed.	1132
	Same to same (telegram).	July 19	Same subject. Legation's July 11. Department favorably disposed to payment for back salaries of \$250,000 on certain conditions. Understanding as to how sums will be first payable from customs and treaty fund. Offer of Brown Bros. to purchase stock of National Bank held by Nicaragua. Requests most recent figures accumulated customs revenues. Asks views as to advisability of enactment of new tariff.	1132
	-----do-----	July 25	Same subject. Explains item 3 of Department's July 19. Department can not see how amount for application to awards of commission can be increased to \$1,500,000 if back salaries are paid.	1133
	Mr. Jefferson to Mr. Lansing (telegram).	Aug. 1	Same subject. Yesterday afternoon Congress reassembled in extraordinary session. Plan of Department will be presented to-day. President intends to ask Congress to accept plan with amendment that either interest on Emery claim be waived or claim be submitted to Commission Public Credit.	1133

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Polk to Mr. Jefferson (telegram).	1917 Aug. 2	Same subject. Instructs inform President that it was found impracticable to make payment out of Treaty fund on account objection creditors; payment to be made when plan favorably acted upon by Nicaraguan Congress.	1134
	Mr. Jefferson to Mr. Lansing (telegram).	Aug. 8	Same subject. Finance Committee refers plan to Congress, and representative of Government is appointed to participate in execution of formal contract in United States.	1134
	Mr. Lansing to Mr. Jefferson (telegram).	Aug. 9	Same subject. Legation's Aug. 1. Department convinced financial plan will fail totally if the Government of Nicaragua insists that either interest on Emery claim be waived or claim be submitted to Commission Public Credit. Gives reasons.	1135
404	Mr. Jefferson to Mr. Lansing.	Aug. 13	President's message to the National Assembly. Incloses copy of President Chamorro's message of July 31, 1917, to the National Congress called to pass upon the financial plan of the Department of State for the settlement and reorganization of Nicaragua's indebtedness.	1097
	Same to same (telegram).	Aug. 18	Financial affairs. Gives text of proposed amendments and says he has insisted that plan be passed without modification.	1136
	-----do-----	Sept. 1	Same subject. Nicaraguan Congress in extraordinary session approved financial plan with some modifications and enacted it into law. Gives the modifications.	1136
410	Same to same-----	Sept. 4	Same subject. Incloses note from Foreign Office announcing appointment of Consul General at New Orleans as representative of Nicaraguan Government in making contract.	1137
412	-----do-----	Sept. 5	Same subject. Reports financial plan enacted into law Aug. 29; transmits copy of it as published in newspaper, and comments upon taxes.	1138
	Same to same (telegram).	Sept. 12	Same subject. Quotes part of Executive decree appointing Ramon Enríquez as representative Nicaraguan Government and suggest \$50,000 be allowed for back salaries.	1141

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
	Same to same (telegram).	1917 Sept. 18	Same subject. States he has in his possession power of attorney authorizing Enriquez to act for Government and will forward it at once.	1141
	Mr. Enriquez to Mr. Lansing.	Oct. 5	Same subject. Asks payment of \$25,000 on account of Canal Treaty to be used in payment of arrears of salaries to members of Nicaraguan Congress.	1141
	Mr. Lansing to Mr. Jefferson (telegram).	Oct. 6	Same subject. Informs bankers submit final draft financial plan for approval Department, and states pressing of request of Emery interests for reduction or waiving of claims will jeopardize whole plan.	1142
47	Mr. Lansing to Mr. Enriquez.	Oct. 12	Same subject. Acknowledges his Oct. 5 and says steps have been taken for payment of money.	1143
	Mr. Jefferson to Mr. Lansing (telegram).	---do---	Same subject. Has informed Chamorro he should instruct representative to accept plan. Reports on attitude of other Governments.	1143
	Mr. Lansing to Mr. Jefferson (telegram).	Oct. 16	Same subject. Asks what arrangements have been made for application to awards of Mixed Claims Commission, of money held by Ham on account of Ethelburga.	1144
	Mr. Jefferson to Mr. Lansing (telegram).	Oct. 18	Same subject. Replies to his Oct. 16 and states no arrangements have been made.	1144
	Mr. Enriquez to Mr. Lansing.	Oct. 22	Same subject. Asks that this Government approve payment of remaining sum of money, as Nicaragua has urgent need of it, before agreement is formally approved by Nicaraguan Congress.	1144
	Mr. Lansing to Mr. Enriquez (telegram).	Oct. 27	Same subject. Refuses to make payment of remaining sum as was suggested in his Oct. 22, but states \$75,000 will be paid.	1146
	Mr. Enriquez to Mr. Lansing.	Oct. 29	Same subject. Confirms his request made in telegram and asks that money be sent in same manner as formerly.	1146
	Mr. Lansing to Mr. Jefferson (telegram).	Nov. 2	Same subject. Reports despatch of financial agreement and states Department can not approve of total amount asked for by Nicaraguan Government at present, but will approve payment of \$75,000 in view of pressing needs.	1146

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
		1917		
	Mr. Jefferson to Mr. Lansing (telegram).	Nov. 8	Same subject. Bankers and Chamorro disagree upon who shall disburse funds; to avoid controversy suggests that Secretary designate person to handle situation.	1147
50	Mr. Lansing to Mr. Enríquez.	Nov. 12	Same subject. Concurs with plan of Nicaraguan Government respecting application of money to payment of back salaries.	1147
	Mr. Jefferson to Mr. Lansing (telegram).	Nov. 14	Same subject. Congress approves contracts; requests payment of balance of fund to Nicaragua.	1148
	Mr. Enríquez to Mr. Lansing.	Nov. 20	Same subject. Enumerates items which he asks to be paid from United States Treasury and says he is authorized to sign necessary checks for compliance with treaty.	1148
	Same to same-----	Nov. 22	Same subject. Under instructions from his Government asks remittance of \$130,000 in same manner as before and deposit of \$75,000 in bank at Washington.	1149
	-----do-----	-----do-----	Same subject. Nicaraguan Government has decided to apply the sum of \$485,000 from the sum to be paid to Nicaragua in accordance with the Treaty of August, 1914, for account of its indebtedness to the Government of the United States under protocol of Sept. 18, 1909.	1149
	-----do-----	-----do-----	Same subject. Outlines payment of various items and asks that remainder of the \$3,000,000 be deposited in bank.	1149
	Mr. Lansing to Mr. Jefferson (telegram).	Nov. 30	Same subject. Refers to Legation's Nov. 8. States all arrangements for payment of funds have been made and disbursing officer designated.	1150
447	Mr. Jefferson to Mr. Lansing.	-----do-----	Same subject. Incloses copy of executive decree which approves plan and contracts without any amendments.	1151
53	Mr. Lansing to Mr. Enríquez.	Dec. 3	Same subject. Acknowledges note of Nov. 22. United States Government concurs in the proposed application of the mentioned sum from the \$3,000,000.	1151
54	Same to same-----	-----do-----	Same subject. Informs that American Government has complied with request contained in his Nov. 22.	1152

NICARAGUA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Urtecho to Mr. Lansing.	1917 Dec. 3	Bryan-Chamorro Treaty. Incloses copy of a circular note sent by the Nicaraguan Foreign Office to the Central American Governments signatory to the Convention of Washington, Dec. 20, 1907, for the purpose of explaining and justifying Nicaragua's attitude in rejecting the two judgments rendered against it by the Central American Court in the actions instituted by the Governments of Costa Rica and Salvador.	1104
	Mr. Enríquez to Mr. Lansing.	Dec. 5	Financial affairs. Reports sending money to foreign bondholders in accordance with Art. 1 of contract signed October 1.	1152
	Mr. Lansing to Mr. Jefferson (telegram).	Dec. 6	Same subject. Advises of appointment of Jeremiah Jenks as director of the National Bank of Nicaragua and of the Ferrocarril del Pacifico and as umpire with the High Commission.	1152
	Same to same (telegram).	Dec. 14	Same subject. Foreign bondholders have received payment in accordance with contract; authorize Ham turn money over to Government when proper guaranty is received.	1153
56	Mr. Lansing to Mr. Enríquez.	Dec. 18	Same subject. Acknowledges note of Dec. 5, stating that payment to the corporation of foreign bondholders had been effected.	1153
461	Mr. Jefferson to Mr. Lansing.	Dec. 22	President's message. Incloses copy of President's message to the National Congress, which he read at the convening of the ordinary session on December 15, 1917.	1099

PANAMA

727	Mr. Morales to Mr. Lansing.	1916 July 28	Railway and road construction. I. Extension of the Chiriqui Railway. Inquires whether the American Government is disposed to agree to assignment of so much of the annuity necessary to meet the interests on new issue of bonds for the extension of the Chiriqui Railroad.	1179
1149	Mr. Price to Mr. Lansing.	Oct. 27	Claims of American citizens against Panama growing out of riots in 1915. Incloses copies of correspondence with the Panama Foreign Office regarding riots of Feb. 14, 1915 and Apr. 2, 1915.	1154

PANAMA—Continued

No.	From and to whom	Date	Subject	Page
1164	Same to same -----	1916 Nov. 13	Same subject. Report of proceedings, against Carlos Nuñez, inclosing copies of judgement rendered therein and Foreign Office note.	1155
302	Mr. Lansing to Mr. Price.	Nov. 24	Same subject. Approves action reported in his 1149. Department will take up claims after claims growing out of the riot of July 4, 1912 are settled.	1156
1175	Mr. Price to Mr. Lansing.	Nov. 27	Railway and road construction jointly by the United States and Panama. Incloses copy of bill introduced in the National Assembly authorizing the President to construct railroads and wagon roads throughout the Republic by means of special understanding with the United States.	1194
308	Mr. Lansing to Mr. Price.	Dec. 1	Claims of American citizens against Panama growing out of riots in 1915. Acknowledges report regarding commencement of proceedings against Nuñez.	1157
1207	Mr. Price to Mr. Lansing.	Dec. 21	Concession to Basil Burns Duncan. Basil Burns Duncan expresses desire to build railroad along Atlantic coast between mouth of Chagres River and Chiriqui Lagoon. Quotes letter to Duncan from War Department.	1185
7	Mr. Lansing to Mr. Porras.	Dec. 22	Extension of the Chiriqui Railway. This Government will approve hypothecation of sufficient amount of Panaman money invested in New York, in order to secure payment of interest and amortization of bond issue upon condition that Panaman Government will guarantee that money will be spent only upon extension of railroad.	1180
996	Mr. Porras to Mr. Lansing.	Dec. 26	Same subject. Calls attention to probable errors in Department's note of Dec. 22, 1916, and interprets his Legation's note of July 28, 1916.	1181
8	Mr. Lansing to Mr. Porras.	1917 Jan. 4	Same subject. Department will approve hypothecation of sufficient amount of annuity to pay interest on bond issue and to provide for the amortization thereof upon condition that assurance is given that money will be used only for Chiriqui extension.	1182

PANAMA—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Baker to Mr. Lansing.	1916 Jan. 26	Concession to Basil Burns Duncan. Approves of concession being granted to B. B. Duncan for construction of main line if Penonomé branch line is eliminated.	1186
	Mr. Ingraham to Mr. Lansing.	Jan. 31	Railway and road construction jointly by the United States and Panama. Roads desirable for military purposes should be constructed wholly by the United States.	1195
346	Mr. Lansing to Mr. Price.	Feb. 14	Concession to Basil Burns Duncan. Transmits text of War Department's Jan. 26 in regard to construction of line.	1186
1264	Mr. Price to Mr. Lansing.	Feb. 19	Claims of American citizens against Panama growing out of riots in 1915. Reports acquittal of Nuñez.	1157
	Mr. Lansing to Mr. Price (telegram).	Mar. 8	Concession to B. B. Duncan. Report whether concession granted Duncan included branch line to Penonomé.	1187
	Mr. Price to Mr. Lansing (telegram).	Mar. 9	Same subject. Railway concession granted Duncan but provision for specific branch line not included. Quotes provision for construction of branch lines.	1187
1290	Same to same-----	Mar. 10	Same subject. Incloses copy of concession and states Duncan is willing to enter into any arrangement with American Government to prevent it being construed as authorizing construction of branch line objected to by that Government.	1187
	Mr. Baker to Mr. Lansing.	Mar. 27	Same subject. Suggests that agreement be reached with President of Panama under which no authorization for branch line shall be granted until the United States has assented thereto.	1188
362	Mr. Lansing to Mr. Price	Apr. 4	Same subject. Instructs him in sense of War Department's Mar. 27.	1189
1337	Mr. Price to Mr. Lansing.	Apr. 12	Railway and road construction jointly by the United States and Panama. Commission appointed to go to the United States for negotiation.	1195
1349	Same to same-----	Apr. 21	Concession to B. B. Duncan. Incloses copy of letter from Mr. Duncan giving assurance that it is his aim to work in harmony with Government of the United States.	1190
	Mr. Porras to Mr. Lansing.	Apr. 27	Railway and road construction jointly by the United States and Panama. Announces arrival of special mission and asks an audience.	1196

PANAMA—Continued

No.	From and to whom	Date	Subject	Page
	The Panaman Commission to the Department of State.	1916 Apr. 27	Same subject. Sets forth reasons why roads should be built in common interest and incloses statement of propositions to meet the situation.	1196
	Mr. Baker to Mr. Lansing.	Apr. 30	Concession to B. B. Duncan. Suggests agreement formerly proposed be made to include all questions arising in connection with concession which might be prejudicial to interests of the United States.	1191
378	Mr. Lansing to Mr. Price.	May 2	Claims of American citizens against Panama growing out of riots in 1915. Incloses memorials covering claims of Langdon, Richeson, and Day; gives facts of the riot of Apr. 2, 1915, with instructions as to procedure.	1158
	The Panaman Commission to the Department of State.	May 5	Railway and road construction jointly by the United States and Panama. Calls attention to special advantage of building railway from city of Panama to border of Costa Rica.	1200
1418	Mr. Price to Mr. Lansing.	June 8	Claims of American citizens against Panama growing out of riots in 1915. Suggests inclusion of Klump and Deloughery as claimants, and manner of procedure.	1163
1420	Same to same-----	June 9	Concession to B. B. Duncan. Incloses copy of note to the Foreign Office in endeavor to obtain agreement that no branch roads would be approved without consent of American authorities.	1192
	Mr. Baker to Mr. Lansing.	June 11	Railway and road construction jointly by the United States and Panama. War Department takes view that construction should be undertaken solely as the question affects the defenses of the Canal, and that American Government should bear entire expense of such work.	1201
1431	Mr. Price to Mr. Lansing.	June 16	Concession to B. B. Duncan. Incloses note from Foreign Office by which it is agreed that the Executive Power will consult American Government before authorizing branch lines.	1193
	Lieut. Col. Brown to Mr. Stabler.	June 20	Railway and road construction jointly by the United States and Panama. Outlines program of road construction as approved by the War Department.	1201

PANAMA—Continued

No.	From and to whom	Date	Subject	Page
400	Mr. Lansing to Mr. Price.	1916 June 30	Claims of American citizens against Panama growing out of riots in 1915. Approves suggestion in his 1418 as to manner of demand, and instructs claim for Klimp and Deloughery improper.	1164
	Same to same-----	July 2	Concession to B. B. Duncan. Acknowledges receipt of Legation's 1430 of June 16.	1194
	Mr. Porras to Mr. Lansing.	July 27	Railway and road construction jointly by the United States and Panama. Panaman Government highly pleased to learn that United States will build roads in Panama. Asks to be informed when work will be started.	1202
	Same to same-----	Aug. 1	Extension of Chiriqui Railway. Panaman Government definitely decides to extend Chiriqui Railway and inquires whether American Government is still disposed to grant approval of new bond issue.	1183
33	Mr. Polk to Mr. Porras.	Aug. 3	Railway and road construction jointly by the United States and Panama. Legation's note of the 27th is receiving consideration.	1203
1513	Mr. Price to Mr. Lansing.	Aug. 13	Extension of the Chiriqui Railway. Incloses copy of decree issued by President of Panama perfecting legal technicalities necessary prior to issuance of bonds.	1184
38	Mr. Lansing to Mr. Porras.	Aug. 14	Same subject. Department approves of new issue of bonds for purpose specified.	1183
	Mr. Baker to Mr. Lansing.	Aug. 17	Railway and road constructed jointly by the United States and Panama. The Governor of the Panama Canal has been requested to prepare estimates for construction of roads referred to.	1203
1526	Mr. Price to Mr. Lansing.	Aug. 21	Claims of American citizens against Panama growing out of riots in 1915. Acknowledges instructions and incloses note to Foreign Office.	1164
41	Mr. Lansing to Mr. Porras.	Aug. 24	Railway and road construction jointly by the United States and Panama. Incloses copy of War Department's Aug. 17.	1204
1615	Mr. Price to Mr. Lansing.	Oct. 15	Claims of American citizens against Panama growing out of riots in 1915. Incloses reply of Foreign Office to presentation of claims.	1168

RUSSIA

No.	From and to whom	Date	Subject	Page
	Mr. Francis to Mr. Lansing (telegram).	1917 Mar. 17	Political affairs. Revolution started; loyal troops joined popular movement; former officials murdered; provisional government set up by 12 members of Duma and social democrats; movement general throughout Empire; Emperor abdicated in favor brother.	1205
1103	Same to same (telegram).	---do---	Same subject. Quotes statement abdication of Emperor and son in favor former's brother who replied will accept if people wish; Milioukoff recognized by Foreign Office; workingmen's committee demand republic; quiet prevails.	1205
	Mr. Bakhméteff to Mr. Lansing.	Mar. 18	Same subject. Transmits copy of communication from Minister of Foreign Affairs outlining in detail the events of the revolution.	1206
1107	Mr. Francis to Mr. Lansing (telegram).	---do---	Same subject. Reports no opposition to Provisional Government and requests authority to recognize it, as first recognition by the United States is desirable from every viewpoint; life of Government depends upon its ability to prosecute the war.	1207
1271	Mr. Lansing to Mr. Francis (telegram).	Mar. 20	Same subject. Refers his Mar. 18 and instructs him inform Milioukov this Government recognizes the provisional one.	1208
274	Mr. Winship to Mr. Lansing.	---do---	Same subject. Reports fully on conditions in Petrograd and details leading up to the revolution.	1208
1120	Mr. Francis to Mr. Lansing (telegram).	Mar. 22	Same subject. Milioukov much pleased at our first recognition; Ambassador to be formally presented to President of Council of Ministers; Government has indication of system.	1211
1124	Same to same (telegram).	---do---	Same subject. Quotes his speech made before Council of Ministers formally recognizing Provisional Government; other countries follow.	1211
657	Same to same-----	Mar. 26	Same subject. Incloses note from Foreign Office thanking the American Government for recognition of the Provisional Government.	1211

SALVADOR

No.	From and to whom	Date	Subject	Page
153	Mr. Long to Mr. Lansing.	1917 Mar. 9	President's message. Incloses translation of that portion of President's message to the National Assembly which refers to Salvador's relations with the United States.	1213
	Same to same (telegram).	June 8	Earthquake. Volcano of San Salvador erupts, seven quakes one evening, Legation uninhabitable but records safe; no deaths.	1214
	Mr. Lansing to Mr. Long (telegram).	June 9	Same subject. Convey sympathy of the United States and offer assistance.	1214
	President Wilson to President Melendez (telegram).	---do---	Same subject. Extends sympathy and offers aid and assistance.	1214
	Mr. Lansing to Mr. Long (telegram).	---do---	Same subject. If necessary Red Cross can cable money; cable Department what articles food and clothing needed and suggest method of transportation from the United States.	1215
	President Melendez to President Wilson (telegram).	June 10	Same subject. Acknowledges with thanks the expression of sympathy extended to his people.	1215
	Mr. Long to Mr. Lansing (telegram).	---do---	Same subject. President Melendez appreciates offer of assistance but thinks Salvador can deal with situation.	1215
	Same to same (telegram).	---do---	Same subject. Quakes continue, many homes leveled to ground; many leaving city.	1215
	Mr. Ewing to Mr. Lansing (telegram).	June 11	Same subject. Quotes Long's telegram reporting quake; hardly house left in capital for use as living quarters; requests instructions.	1216
	Mr. Long to Mr. Lansing (telegram).	---do---	Same subject. Preparations being made to cope with situation; reports articles needed from American Government.	1216
	Same to same (telegram).	---do---	Same subject. Heavy demands made upon Salvadorean Government; makes suggestions as to method of help.	1217
	Mr. Lansing to Mr. Ewing (telegram).	---do---	Same subject. Contents of his June 11 sent to Red Cross which will render all aid possible.	1218
	Mr. Lansing to Mr. Long (telegram).	June 13	Same subject. Red Cross has placed money to his credit with Bloom Bros.; question of further supplies being taken up.	1218

SALVADOR—Continued

No.	From and to whom	Date	Subject	Page
	Mr. Long to Mr. Lansing (telegram).	1917 June 13	Same subject. Commission appointed to receive relief funds; asks \$10,000 be provided immediately, also that benevolent fund of \$5,000 and supplies listed in his June 11 be placed at his discretion.	1218
	Same to same (telegram).	June 14	Same subject. Thousands sleep in the open in heavy rain; three quakes during night.	1219
	-----do-----	June 15	Same subject. Salvadorean Red Cross accepts money, supplementary fund necessary.	1219
	Mr. Makinson to Mr. Lansing (telegram).	---do---	Same subject. Makes report on earthquake; conditions improving.	1219
	Mr. Long to Mr. Lansing (telegram).	June 16	Same subject. Funds not adequate to make permanent repairs; suggests a loan be offered.	1219
	Mr. Polk to Mr. Long (telegram).	---do---	Same subject. Red Cross states that in addition to money deposited with Bloom Bros., it is shipping supplies requested by him in his June 11 on June 25.	1220
211	Mr. Long to Mr. Lansing.	July 7	Same subject. Little progress made in rehabilitating the city account lack of funds; general outline of conditions.	1220
	Same to same (telegram).	July 13	Same subject. Supplementary fund alone will make possible effective use of supplies; mentions further list of articles needed.	1221

NOTE

Diplomatic correspondence relating to the war of 1914-1918 will be printed in supplementary volumes of "Foreign Relations of the United States."

CORRESPONDENCE

CIRCULARS

TWELFTH INTERNATIONAL FARM CONGRESS

File No. 561.14A12/2a

DEPARTMENT OF STATE,
Washington, April 7, 1917.

To the Diplomatic Officers of the United States

GENTLEMEN: Pursuant to a provision contained in the Agricultural Appropriation Act, approved March 4, 1917, you will extend to the Governments to which you are respectively accredited an invitation to "appoint delegates or representatives to the International Farm Congress to be held at Peoria, Illinois," during the fiscal year 1918.

At this Congress there will be discussed farming methods and apparatus for tilling, planting and harvesting, the care of orchards, the raising of cattle and live stock, and other subjects looking to better facilities and results to the farmer, particularly in regions having light or irregular rainfall, and the teaching of conservation of moisture through scientific methods.

In extending the invitation and expressing the hope that the invited Governments may deem it of advantage to be represented at the Congress, you will explain that, while the invitation is extended by the authority of the Congress of the United States, the International Farm Congress will not be held under Government auspices and that no provision has been made by the Congress of the United States for the payment of the expenses of the foreign representatives who may attend, or for their entertainment.

In connection with the International Farm Congress there will be held the International Soil Products Exposition, at which the Department of Agriculture of the United States will make an exhibit illustrative of the investigation, products, and processes relating to farming in the sub-humid, arid, and semi-arid regions of the United States.

Participation in this Exposition by the Nations of the world will be welcomed by the management of the International Farm Congress.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 561.14A12/3

DEPARTMENT OF STATE,
Washington, June 23, 1917.

To the Diplomatic Officers of the United States

GENTLEMEN: Referring to the Department's circular of April 7, 1917, instructing the Diplomatic Officers of the United States to extend to the Governments to which they are respectively accredited, in pursuance of a provision contained in the Agricultural Appropriation Act approved March 4, 1917, an invitation to appoint delegates or representatives to the International Farm Congress to be held at Peoria, Illinois, during the fiscal year, 1918, and to participate in the International Soil Products Exposition to be held in connection therewith, you are now instructed to advise those Governments that the Congress and Exposition will take place at Peoria, Illinois, September 18-29, 1917.

I am, [etc.]

For the Secretary of State:
FRANK L. POLK

ESTABLISHMENT OF CHAPTERS OF THE AMERICAN RED CROSS

File No. 811.142/2697

DEPARTMENT OF STATE,
Washington, November 30, 1917.

Circular telegram to American Diplomatic Missions in Latin America

The support of the Government has been requested by the American Red Cross in encouraging Red Cross activities in foreign countries, and in establishing chapters there. With this in view you may call together the leading American citizens to discuss the subject and to support the establishment of a local chapter. If it is desired, you may accept the honorary chairmanship, but your assistance should be informal and unofficial. When organization is established the committee should report to Red Cross here for instructions.

LANSING

CESSION OF THE DANISH WEST INDIES

(See Denmark)

ARGENTINA

VISIT OF AN AMERICAN FLEET TO BUENOS AIRES UPON INVITATION BY THE ARGENTINE GOVERNMENT

File No. 811.3335/12

Ambassador Stimson to the Secretary of State

[Telegrams—Extracts]

AMERICAN EMBASSY,

Buenos Aires, June 29, 1917, 2 p. m.

Minister for Foreign Affairs informs me that his Government is more than pleased to have me accept any popular demonstrations of sympathy to the United States. Furthermore he asks me to tell my Government that the Argentine Government hopes our fleet will visit Buenos Aires, that they will be welcomed as friends; and a squadron sent to meet them at the mouth of the River Plata. Finally he tells me that the Argentine Senate voted unanimously to send a cable of sympathy to our Government on the 4th July. He begs me to advise him when fleet is coming so that Argentine Government may make fitting preparation, and I hope the officers and at least one cruiser may visit Buenos Aires as they can be assured of an enthusiastic popular as well as official welcome.

STIMSON

File No. 811.3335/18

AMERICAN EMBASSY,

Buenos Aires, July 11, 1917, 8 p. m.

If this invitation will be accepted by the United States Government the Minister Foreign Affairs will send me a written invitation in the following words:

Confirming our conversation of yesterday and informed of the arrival of the squadron of the United States in the River Plata, I take pleasure in making known to your excellency that the Argentine Government will have the greatest pleasure in receiving its visit and that of the officers and sailors of that friendly nation.

STIMSON

File No. 811.3335/18

The Acting Secretary of State to Ambassador Stimson

[Telegram]

DEPARTMENT OF STATE,

Washington, July 13, 1917, 5 p. m.

Your July 11, 8 p. m. You may inform Government of Argentina that the Government of the United States will accept its invitation in the same spirit it is offered and regrets that the Division of the Fleet will be unable to remain more than 4 or 5 days in Argentine waters.

Cable reply of Minister for Foreign Affairs.

POLK

File No. 811.3335/14

Ambassador Stimson to the Secretary of State

[Telegrams—Extracts]

AMERICAN EMBASSY,
Buenos Aires, July 1, 1917, 11 a. m.

Last night after hearing Minister for Foreign Affairs, the Senate adopted unanimously a resolution in agreement with the Executive to make public their approval of the decision of the President to receive in National waters the North American squadron as of a friendly nation:

For this conduct the Argentine Nation finds authority not only under its own rights of sovereignty but in the principles established in recent Conferences and international declarations and in the Treaty with the United States signed by San José de Flores July 10, 1853.

I respectfully suggest that it would have an excellent effect if I could announce actual coming of the fleet or a unit thereof in my speech before the Argentine public meeting July 4.

STIMSON

File No. 811.3335/21

AMERICAN EMBASSY,
Buenos Aires, July 15, 1917, noon.

The note signed by Minister for Foreign Affairs has been received and is as we agreed yesterday morning: First, a note which is as follows:

Informed that the Government of United States would be pleased to improve the opportunity of the coming of its squadron to the River Plate to make a visit of courtesy to our country, I have a real pleasure in sending your excellency the invitation adjoined.

Enclosing the note as quoted in my July 11, 8 p. m. I presume I should accept substantially in the words of your telegram July 13, 5 p. m. The President sends word that he desires to receive the fleet with the greatest possible honors meaning an escort by the Argentine Navy and would therefore, I think, prefer having one ship come to Buenos Aires or as near as possible.

STIMSON

File No. 811.3335/22

The Acting Secretary of State to Ambassador Stimson

[Telegram]

DEPARTMENT OF STATE,
Washington, July 19, 1917, 4 p. m.

It is desired by this Government that visit of fleet to Argentina under command Admiral Caperton should be so arranged that any genuine wishes of Argentine Government may be fulfilled. You are therefore instructed, in view of above, to arrange dates of functions to be attended by officers on their visit to Buenos Aires, in such a manner that length of stay of vessels in Argentine ports shall not exceed two weeks.

POLK

File No. 811.3335/24

Ambassador Stimson to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Buenos Aires, July 21, 1917, 11 a. m.

Your July 19, 4 p. m. Government has cleared north basin for exclusive use our fleet and one Argentine cruiser. Official program Tuesday: Arrival, my reception, private dinner by Minister of Foreign Affairs to the Vice President, Admiral, Minister of Marine and ourselves. Wednesday: reception by the President, tea, concert at Jockey Club. Thursday: grand banquet. Friday: breakfast and ball. Saturday: official opera; will sing Argentine National Anthem and Star Spangled Banner. Sunday: special races, banquet at Naval Club.

STIMSON

File No. 811.3335/26

AMERICAN EMBASSY,
Buenos Aires, July 25, 1917, noon.

Fleet escorted by Argentine squadron delayed 3 hours by fog, arrived safely in the north basin at sunset. Crowd estimated at two hundred thousand received them. Minister for Foreign Affairs gave a private welcome dinner: guests Vice President, Minister of Marine, Papal Nuncio, Spanish Ambassador, Mayor of City, Presidents Jockey Club and Reception Committee and ladies.

STIMSON

File No. 811.3335/28

AMERICAN EMBASSY,
Buenos Aires, July 26, 1917, 10 a. m.

The President of Argentina after receiving Admiral Caperton and Staff yesterday asked me to telegraph you for President Wilson an expression of his extreme satisfaction in welcoming the fleet here and his particular gratification that the four ships came actually to Buenos Aires. He further desired me to assure you that the great reception they received came from the heart of the people. He warmly approved of a procession of two thousand sailors to lay wreaths on the statues of San Martin and Washington next Sunday and gave orders to the Mayor to have the line of march prepared.

STIMSON

File No. 811.3335/31

AMERICAN EMBASSY,
Buenos Aires, July 29, 1917, 6 p. m.

1000 sailors of the fleet marched through the city this morning with their own music and municipal guard and band to the races, stopping to lay memorial wreaths on the statues of San Martin and Washington. At the races Minister for Foreign Affairs came to me with a message from the President of Argentina to say that hearing that the fleet was planning to sail next Tuesday he desired the

Admiral to be informed that he was at full liberty to extend his visit longer if he pleased and asked me to communicate this invitation at once to my Government.

STIMSON

File No. 811.3335/33

AMERICAN EMBASSY,
Buenos Aires, July 31, 1917, 4 p. m.

Ships sailed this morning. Admiral and I waited to make parting call on President who expressed best wishes for good fortune of the squadron. Admiral has left to rejoin fleet on Argentine cruiser.

STIMSON

AUSTRIA-HUNGARY

ABROGATION OF PROVISIONS OF CERTAIN TREATIES CONFLICTING WITH THE SEAMEN'S ACT OF MARCH 4, 1915.¹ ACCEPTANCE OF THE ABROGATION BY AUSTRIA, ITALY AND ROUMANIA. DENUNCIATION BY ITALY OF THE TREATY OF MAY 8, 1878. WITHDRAWAL OF THE DENUNCIATION BY ITALY AND ACQUIESCENCE THEREIN BY THE UNITED STATES

AUSTRIA

File No. 711.6321/86

Ambassador Penfield to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Vienna, July 17, 1916, 11 a. m.

1339. Your instructions May 29, 1915, and circular telegram April 1, 1916. Ministry for Foreign Affairs now replies as follows:

According to understanding reached between Imperial Royal Austrian and Royal Hungarian Governments, Imperial and Royal Government of Austro-Hungarian Monarchy according to wish of Government of the United States of America agrees that Article 4 of additional convention of May 8, 1848, and Articles 11 and 12 of Consular Convention of July 11, 1870, between Austro-Hungarian Monarchy and the United States of America be repealed by an exchange of notes. However, in view of the fact that American Seamen's Act of March 4, 1915, encroaches upon Austrian and Hungarian legislation, with simultaneous disregard of axioms of international law, Imperial and Royal Governments must express the certain expectation that Government of the United States of America give Imperial and Royal Governments satisfactory assurances this regard.

PENFIELD

File No. 711.6321/87

Ambassador Penfield to the Secretary of State

No. 1781

AMERICAN EMBASSY,
Vienna, July 19, 1916.

SIR: Referring to the Department's unnumbered instruction of May 29, 1915, relative to the intention of the United States to abrogate certain sections of the Treaties of May 8, 1848, and July 11, 1870, between the United States and Austria-Hungary, and enclosing copy of the Act of Congress of March 4, 1915 "An Act to Promote the Welfare of American Seamen," and to my telegram No. 1218 of April 4th last,² I have the honor now to transmit herewith a copy and translation of a Note from the Austro-Hungarian Minister for Foreign Affairs on this subject.

I have [etc.]

FREDERIC C. PENFIELD

¹ Continued from For. Rel. 1916, p. 33.

² Not printed.

[Inclosure—Translation]

*The Minister of Foreign Affairs to Ambassador Penfield*MINISTRY OF FOREIGN AFFAIRS,
Vienna, July 13, 1916.

With reference to the very esteemed note of his excellency the Ambassador Extraordinary and Plenipotentiary of the United States of America, Mr. Frederic Courtland Penfield, No. 2020 of July 1, 1915, the undersigned has the honor to state that according to an understanding reached with the Imperial Royal Austrian and the Royal Hungarian Governments, the Imperial and Royal Government of the Austro-Hungarian Monarchy, according to the wish of the Government of the United States of America, agrees that Article 4 of the Additional Convention of May 8, 1848, and Articles 11 and 12 of the Consular Convention of July 11, 1870, between the Austro-Hungarian Monarchy and the United States of America, be repealed by an exchange of notes. However, in view thereof that the American Seamen's Act of March 4, 1915, encroaches upon Austrian and Hungarian legislation, with simultaneous disregard of the axioms of international law, the Imperial and Royal Government must express the certain expectation that the Government of the United States give the Imperial and Royal Government satisfactory assurances in this regard.

The undersigned avails [etc.]

For the Minister:

IPPEN

File No. 711.6321/86

The Acting Secretary of State to Ambassador Penfield

[Telegram]

DEPARTMENT OF STATE,
Washington, July 24, 1916, 4 p. m.

1305. Your 1339, July 17, 11 a. m. Department not entirely clear respecting meaning Foreign Office note. Mail copy as soon as possible.

POLK

File No. 711.6321/90

Ambassador Penfield to the Secretary of State

No. 2447

AMERICAN EMBASSY,
Vienna, January 30, 1917.

SIR: Adverting to my telegram No. 1668 of the 29th instant, relative to the desire of the Government of the United States to abrogate by an exchange of notes certain sections of the treaties with Austria-Hungary of May 8, 1848 and July 11, 1870, in view of an act of Congress dated March 4, 1915 and entitled "An Act to Promote the Welfare of American Seamen", I have the honor to enclose herewith a copy and translation of a further note received from the Austro-Hungarian Ministry of Foreign Affairs, No. 782/8 of January 16th, in which the Imperial and Royal Government expresses the desire to be informed at an early date of the reply of the United States to certain questions raised by its note of July 13th last, a copy of which was forwarded with my despatch No. 1781 of July 19, 1916.

I have [etc.]

FREDERIC C. PENFIELD

[Inclosure—Translation]

The Minister of Foreign Affairs to Ambassador Penfield

MINISTRY OF FOREIGN AFFAIRS,
Vienna, January 16, 1917.

By its note verbale No. 67630/8 of July 13, 1916, this Ministry had the honor to make known to his excellency the Ambassador Extraordinary and Plenipotentiary of the United States of America, Mr. Frederic Courtland Penfield, that the Imperial and Royal Government of the Austro-Hungarian Monarchy agreed to Article 4 of the Additional Convention of May 8, 1848, and Articles 11 and 12 of the Consular Convention of July 11, 1870, being withdrawn by an interchange of notes, at the same time expressing the definite expectation of a satisfactory assurance on the part of the United States with regard to the infringements by the American Seamen's Act of March 4, 1915, on the rights of Austria-Hungary, and also to the disregard of certain axioms of international law.

The undersigned has now the honor to call to the attention of the Ambassador of the United States of America, that the Imperial and Royal Government is still looking forward to a friendly reply, all the more so as the alteration of the clauses in question has not yet been officially sanctioned by the authorities constitutionally empowered to do so.

The undersigned at the same time avails [etc.]

For the Minister:
IPPEN

File No. 711.6321/89

The Secretary of State to Ambassador Penfield

[Telegram]

DEPARTMENT OF STATE,
Washington, February 5, 1917, 6 p. m.

1528 Your telegram 1668² and Despatch 1781. Department is not clear respecting either precise objections of Government of Austria-Hungary to the so-called Seamen's Act of March 4, 1915, or respecting character of assurances which they desire, since Foreign Office merely observes in general terms in the note addressed to you under date of July 13, last, that since act

encroaches upon Austrian and Hungarian legislation, with simultaneous disregard of the axioms of international law, the Imperial and Royal Government must express the certain expectation that the Government of the United States give the Imperial and Royal Government satisfactory assurances in this regard.

It is unfortunate that the municipal laws of the two countries conflict, as would appear from the Austro-Hungarian Government's note just mentioned to be the case. However, the Department inclined believe this fact will not result in any serious inconvenience to the vessels of each country. Since act took effect, representations have not been made to Department respecting any such inconvenience on part of ships of other maritime nations with which agreements have been made respecting the abrogation of treaty stipulations in conflict with act, nor have complaints been made to Department that any action taken by authorities of this Government in connection with the administration of act has been at variance with established rules international law. Department of opinion Government of Austria-Hungary will find no cause for such complaint in behalf their vessels. However, in case a satisfactory understanding cannot be arrived at for the abrogation of treaty stipulations between this Government

²Not printed.

and Austria-Hungary affected by the act, other provisions of the treaties in question remaining in effect, it would appear that a solution of this matter can only be found in the denunciation of these treaties in their entirety. Department of opinion Government of Austria-Hungary will not consider such course necessary. The Department has been under impression that Government of Austria-Hungary gave its consent to such an understanding in note addressed to you under date July 13, last.

Communicate at once with Foreign Office in sense of foregoing, with reference to its note referred to in your telegram under acknowledgment.

LANSING

File No. 711.6321/90

The Secretary of State to Ambassador Penfield

No. 1386

DEPARTMENT OF STATE,
Washington, March, 14, 1917.

SIR: The Department has received your No. 2447, of January 30, 1917, in which, with reference to your telegram No. 1668, of January 29, relative to the desire of this Government to abrogate by an exchange of notes certain sections of the Treaties with Austria-Hungary of May 8, 1848 and July 11, 1870, in view of the Act of Congress dated March 4, 1915 and entitled "An Act to promote the welfare of American Seamen", you enclose a translation of a further note on the subject from the Austro-Hungarian Ministry of Foreign Affairs, expressing the desire of the Austro-Hungarian Government to be informed of the reply of the United States to certain questions raised by the Austro-Hungarian note of July 13, 1916, a translation of which was forwarded with your despatch No. 1781, of July 19, 1916.

In this relation you are referred to the Department's telegram No. 1528, of February 5, 1917.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

GERMANY

File No. 711.6221/153

Ambassador Gerard to the Secretary of State

No. 3754

AMERICAN EMBASSY,
Berlin, August 7, 1916.

SIR: With reference to the Department's circular instruction of March 9, 1916,³ quoting, at the request of the Acting Secretary of Commerce, for the information of this Embassy and for communication to the German Government, a circular letter addressed by the commissioner of navigation, to collectors of customs, shipping commissioners and others concerned, and forwarding a print of the Act of

Congress approved March 4, 1915, known as the "Seamen's Act," I have the honor to transmit herewith to the Department copies and translations of a note received from the Imperial Foreign Office, dated August 3, 1916, stating that, though the advice which is provided for in Section 16 of the above-mentioned act to the effect that the Government of the United States intends to annul the articles of the valid treaties conflicting with the contents of this act, after expiration of the terms of notice, has as yet not been received by the Imperial Government, the Foreign Office does not fail to advise the Embassy, for communication to its Government, that the Seamen's Act contains regulations which are not consistent with agreements in the treaties concluded by the Empire and the United States.

I have [etc.]

JAMES W. GERARD

[Inclosure—Note verbale—Translation]

The Foreign Office has the honor to acknowledge receipt of the American Embassy's note verbale dated April 14, 1916—F. O. No. 9328—and of the print of the official edition of the act known as the "Seamen's Act" of the United States, under date of March 4, 1915, transmitted for the information of the Foreign Office.

Though the advice which is provided for in Section 16 of the above-mentioned act to the effect that the Government of the United States intends to annul the articles of the valid treaties conflicting with the contents of this act, after expiration of the terms of notice, has as yet not been received by the Imperial Government, the Foreign Office does not fail to advise the Embassy for communication to its Government that the Seamen's Act contains regulations which are not consistent with agreements in the treaties concluded by the Empire and the United States. Other provisions of this act are not consistent with the principle of international law, that the regulation of the terms of contract (existing) between the crew and the master only concerns the state of registry. As the legal affairs of the German seamen on German ships are regulated by the German Seaman's Act, the Imperial Government can not acknowledge an encroachment of American jurisdiction upon this sphere.

FOREIGN OFFICE,
Berlin, August 3, 1916.

File No. 711. 6221/153

The Secretary of State to Chargé Grew

No. 3670

DEPARTMENT OF STATE,
Washington, November 9, 1916.

SIR: The Department acknowledges the receipt of the Ambassador's No. 3754 of August 7, 1916, with which, having reference to the Department's circular instruction of March 9, 1916, quoting, at the request of the Acting Secretary of Commerce, for the information of the Embassy, and for communication to the German Government, a circular letter addressed by the commissioner of navigation to collectors of customs, shipping commissioners and others concerned, and forwarding a print of the Act of Congress of March 4, 1915, known as the "Seamen's Act", the Embassy transmits a translation of a note of August 3, 1916, from the German Foreign Office stating that, though the advice which is provided for in Section 16 of the above-mentioned act to the effect that the Government of the

United States intends to annul the articles of the valid treaties conflicting with the contents of this act, after expiration of the terms of notice, has as yet not been received by the Foreign Office, the Foreign Office does not fail to advise the Embassy, for communication to its Government, that the Seamen's Act contains regulations which are not consistent with agreements in the treaties concluded by Germany with the United States.

In this relation you are referred to the Department's instruction of this day's date on the subject.

I am [etc.]

ROBERT LANSING

File No. 711.6221/153

The Secretary of State to Chargé Grew

No. 3671

DEPARTMENT OF STATE,
Washington, November 9, 1916.

SIR: The Department encloses herewith a copy of an act of the Congress of the United States, approved March 4, 1915, entitled—

An Act To promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea.

It is deemed appropriate that an explanation be made of the origin of the legislation and the causes operating to move Congress to pass the Act of March 4, 1915.

The improvement of the condition of seamen, to bring it into harmony with the enlightened spirit of personal freedom of the modern age, had long been the studious purpose of the Congress of the United States. By the Act of Congress of December 21, 1898, the penalty of imprisonment for desertion of seamen from American vessels in domestic ports and in near-by ports was abolished. That act covered more than nine-tenths of the seamen on American vessels and antedated by twelve years the resolution of the International Seamen's Congress at Copenhagen in August, 1911, favoring the abolition of imprisonment for desertion wherever prescribed by the laws of maritime nations.

Again, many events occurred immediately prior to the present legislation which have profoundly influenced and moulded public sentiment in favor of stricter regulation of overseas traffic, in relation to the safety of passengers, and in relation to the necessity for the protection of seamen in their natural rights as a class of laborers, theretofore discriminated against in comparison with all other classes of workmen. The terrible disaster to the steamship *Titanic*, with the resultant loss of human life, attracted universal attention to the need of further legislation to promote the safety of passengers and seamen. The burning of the *Volturno*, with its disclosure of the lack of life-saving appliances, drilled crews, and of other defective conditions, added to the forces operating to secure remedial legislation. As a result of these tragedies on the high seas, and of the agitation engendered thereby, two great political parties of the United States

which express and move public opinion and policy, adopted in their platforms of 1912 declarations respecting the subject. The platform of one contained the following statement:

We urge upon Congress the speedy enactment of laws for the greater security of life and property at sea; and we favor the repeal of all laws, and the abrogation of so much of our treaties with other nations as provide for the arrest and imprisonment of seamen charged with desertion, or with violation of their contract of service. Such laws and treaties are un-American, and violate the spirit, if not the letter, of the Constitution of the United States.

The platform of the other contained the following:

We favor the speedy enactment of laws to provide that seamen shall not be compelled to endure involuntary servitude, and that life and property at sea shall be safeguarded by the ample equipment of vessels with life-saving appliances and with full complements of skilled, able-bodied seamen to operate them.

As a consequence of the public sentiment thus manifested, a bill was introduced in the House of Representatives on May 2, 1912, providing among other things, for the better protection of life at sea, and abolishing involuntary servitude imposed upon seamen in the merchant marine of the United States while in foreign ports and involuntary servitude imposed upon seamen of the merchant marine of foreign countries while in ports of the United States. As indicating the views of the Committee on Merchant Marine and Fisheries of the Congress of the United States, to which the bill was referred, the following extract from its report is quoted:

There is no other portion of our citizens or residents who can be compelled, under penalty of imprisonment, to fulfil a civil contract to labor. The seamen alone remain as the last remnant of serfdom.

It is needless in this age to argue for the right of men to be free. It is an established fact in our fundamental law and should be applied to seamen as well as others. You can not control man's labor without controlling the man himself. If he is to be free, he must have the right to labor or not, as best suits his own judgment or convenience. Labor power is a part of man; it is generated within him and can only be exercised and utilized through his brain power and will. To compel him to use it against his will is to make him to all intents and purposes a slave.

This bill relieves him from that condition. By relieving the seamen from any criminal proceedings for violating a contract to labor, leaving only the civil process as a remedy, you place him exactly in the same position as other workmen, and the result will be to gradually improve the standard of the men who go down to the sea, not only of those in our own shipping, but of those in all ships entering our ports, until it has reached the same standard as that of workmen on land.

The bill above referred to, which was not enacted into law, contained in substance the amendments to the navigation laws of the United States subsequently incorporated and passed in the Act of March 4, 1915.

Section 4 of this act, which is applicable to seamen on foreign vessels while in the harbors of the United States, provides, among other things, for the enforcement of certain specified rights of seamen respecting their wages and declares that the "courts of the United States shall be open to such seamen for its enforcement."

Sections 16 and 17, contain provisions abolishing the arrest or imprisonment of seamen for desertion from merchant vessels of the United States in foreign countries or from foreign vessels in American waters and authorizes the President to take steps looking to the termination of treaty stipulations between this country and other nations providing for the arrest and imprisonment of seamen deserting or charged with desertion.

It appears that Article 13 of the Consular Convention concluded December 11, 1871, between the United States and the German Empire, Article 10 of the Treaty concluded May 1, 1828, between the United States and Prussia, and Article 9 of the Treaty of Commerce and Navigation concluded December 9, 1847, between the United States and Mecklenburg-Schwerin, which contain stipulations relative to the jurisdiction of consular officers over merchant vessels, are affected by Section 4 of the act. And it appears that Articles 13 and 14 of the Treaty with the German Empire, Article 11 of the Treaty with Prussia and Article 9 of the Treaty with Mecklenburg-Schwerin, which contain stipulations relating to the arrest and imprisonment of deserting seamen, are affected by the terms of Section 16 of the act.

The application of the fundamental principles of the Act of Congress to alien seamen within the territorial jurisdiction of the United States involves an abrogation of such treaty stipulations as are inconsistent therewith. It is hoped that an understanding regarding this matter may be reached with but little inconvenience by a willingness on the part of the Government of Germany to consent to such abrogation as will leave intact all the other provisions of the treaties in question.

It is obvious that the Government of Germany is aware that sooner or later an amelioration of the legal status of seamen and the practice with regard to their treatment must have come, as a concomitant to the general advance of human liberty in other pursuits, to modify the strictness of the letter of municipal and conventional law existing for centuries in statutes and treaties. That national legislation has been the first to respond to this humane impulse is presumably due to the greater ease of amending local laws; but it is to be expected that international conventional arrangements will not long stand opposed to the complete release of seamen from the artificial restraints on their personal liberty and pursuit of happiness peculiar to their calling. That so little has heretofore been done in their behalf may be ascribed to the fact that the nature of their calling removes the circumstances and conditions of their lives from the view of the greater body of their fellow countrymen in whose regard generally reposes the welfare of individuals.

You are therefore instructed to bring this matter to the attention of the Minister for Foreign Affairs and you will explain to him that the President, using the discretion which he deems is granted to him under the Act of March 4, 1915, instructs you to propose an arrangement between the two Governments which will effect the purpose of the act by the abrogation of the treaty stipulations above referred to.

It is believed that the general observations made in a previous part of this instruction will convince the Government of Germany of the wise and humane purposes toward which the legislation in question is directed. That Congress did not contemplate the least infringement of the rights of foreign Governments respecting the control of their merchant marine while in the ports of the United States in a manner inimical to those Governments is evidenced by the reports from the various committees to which the bill was referred before its passage. It is likewise clearly shown by Section 16 of the act that the intent of Congress was not to disturb the valuable treaties now existing between the Government of the United States and

other countries, negotiated from time to time with much care and with much patience, but by appropriate legislation to correct and regulate the long existing and varying methods of procedure in matters affecting seamen. That such methods of procedure and standards of conduct towards seamen generally have not advanced as they should have, coincident with the improved treatment of other classes of labor, is believed to be so well established as to need no comment, and the President feels, therefore, that when all the facts and circumstances attendant upon the passage of the act are fully considered by the Government of Germany, no serious difficulties will be found to delay or to prevent an agreement for the mere abrogation or omission of the respective articles found to be inconsistent with the provisions of the act.

The President, although deeply anxious that an agreement be reached with the Government of Germany on this subject, is not concerned as to the particular method by which it may be consummated, whether by exchange of notes or by a short treaty annulling the treaty stipulations heretofore referred to which are affected by the act. The former course seems preferable because more easily effected. In case no satisfactory understanding can be arrived at for the abrogation of the treaty stipulations affected by the Act of March 4, 1915, other provisions of the treaties in question remaining in affect, it would appear that a solution of this matter can only be found in the denunciation of these treaties in their entirety.

In bringing this matter to the attention of the Minister for Foreign Affairs, you will hand him a copy of this instruction and express to him the earnest hope of this Government that the sympathetic consideration which the Government of Germany will undoubtedly bestow upon its proposal may result in an understanding as to the abrogation merely of those treaty stipulations which are affected by the Act of Congress of March 4, 1915, with as little disturbance as possible of the conventional relations now happily existing between the two countries.

I am [etc.]

ROBERT LANSING

ROUMANIA

File No. 711.7121/2

Minister Vopicka to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Bucharest, July 25, 1916.

281. Department's circular April 1. Was assured verbally yesterday at Foreign Office that Seamen's Act approved and written acceptance would follow shortly.⁴

VOPICKA

⁴No further reply seems to have been received from the Roumanian Government.

ITALY

File No. 711.6521/100

Ambassador Page to the Secretary of State

No. 324

AMERICAN EMBASSY,
Rome, July 8, 1915.

SIR: I have the honor to inform you that upon the receipt of the Department's unnumbered instruction of May 29th last relative to a formal notice to be given to the Italian Government of the desire of our Government to terminate the Treaty of 1878 with Italy, I communicated the contents of the Department's instruction to the Royal Italian Minister for Foreign Affairs in the manner therein indicated.

I am to-day in receipt of an acknowledgment of my communication, signed by Baron Sonnino, the Minister for Foreign Affairs, of which the following is a translation:

MINISTRY FOR FOREIGN AFFAIRS,
Rome, July 5, 1915.

MR. AMBASSADOR: In relation to your excellency's esteemed note No. 596 of June 21st, I have the honor to inform you that the Government of the King takes notice of the denunciation made in that note by your excellency, in behalf of your Government, of the Italo-American Consular Convention of May 8, 1878—such denunciation to take effect, according to the terms of the Convention itself, on the 1st of the current month.

Pray accept [etc.]

S. SONNINO,
Minister for Foreign Affairs

I have [etc.]

THOMAS NELSON PAGE

File No. 711.6521/100

*The Secretary of State to Ambassador Page*DEPARTMENT OF STATE,
Washington, March 25, 1916.

SIR: The Department has received your despatch No. 324 of July 8, 1915, with which you enclose a copy of a note from the Italian Minister for Foreign Affairs acknowledging notice on the part of this Government of the denunciation of the Italo-American Consular Convention of May 8, 1878.

The Department greatly regrets that in its instruction to you of May 29th last, you were inadvertently directed to give notice of the denunciation of the Consular Convention of May 8, 1878, between this Government and Italy, in its entirety instead of being directed to give notice of the intention of this Government to abrogate the Convention concluded between the two Governments February 24, 1881, and Article XIII of the Treaty of May 8, 1878. You will so inform the Italian Government and in this relation further communicate with it in the sense of the following:

It had been previously pointed out to the Italian Government that the application of the fundamental principles of the Act of Congress to alien seamen within the territorial jurisdiction of the United States involves an abrogation of such treaty provisions as are inconsistent therewith, and that the Act makes it mandatory on the President, within ninety days after the passage thereof to give notice to the several governments, respectively that

so much as hereinbefore described of all such treaties and conventions between the United States and foreign governments will terminate on the expiration of such periods after notices have been given as may be required in such treaties and conventions,

the period thus established terminating on July 1st next.

It appears that Article XIII of the Treaty of May 8, 1878, between the United States and Italy is affected by Section 16 of the Act of Congress, and that Article I of the Treaty concluded between the two Governments on February 24, 1881, which article was by this agreement substituted for Article XI of the Treaty of May 8, 1878, is affected by the terms of Sections 4 and 16 of the Act.

The Government of the United States, therefore, pursuant to the provisions of the Act of March 4, 1915, which have been made known to the Italian Government, hereby gives notice of its intention to abrogate the Treaty of February 24, 1881, and this Government hopes that such abrogation may take effect on July 1, 1916, the date on which it was intended to have it take effect when the inaccurate notice was given to the Italian Government.

The Government of the United States likewise pursuant to the provisions of the Act of March 4, 1915, also hereby gives notice of its intention to abrogate Article XIII of the Treaty of May 8, 1878, to take effect likewise on July 1, 1916.

Inasmuch as treaties are contracts between governments, they can only be varied in whole or in part by mutual agreement or special consent. It is the hope, however, of the President, that such an agreement can easily be reached as will leave unaffected all parts of the treaties with foreign governments not inconsistent with the humanitarian and progressive provisions of the Act.

While recognizing that denunciation of a portion of a treaty may not, according to international practice, be made, the President, nevertheless, using the discretion which he deems is granted to him to interpret the Act of March 4, 1915, in the sense contemplated by Congress, instructs you to propose an arrangement between the two Governments which will effect the purpose of the Act by the mere omission of Article XIII of the Treaty of 1878, and by the nullification of Article I of the Treaty of January [February] 24, 1881, which in a sense is a part of the Treaty of 1878.

It is believed that the general observations made in the communication previously laid before the Foreign Office by you regarding the purposes of the Act of March 4, 1915, will convince the Italian Government of the wise and humane purpose toward which the legislation is directed. That Congress did not contemplate the least infringement of the rights of foreign governments respecting the control of their merchant marine while in the ports of the United States, in a manner inimical to those governments, is evident from the reports of the various committees to which the bill was referred before passage. It is likewise clearly shown by Section 16 of the act that the intent of Congress was not to disturb the great and valuable treaties now existing between the Government of the United States and other nations, negotiated from time to time with much care and with much patience, but by appropriate legislation to correct and regulate the long existing and varying methods of procedure in matters affecting seamen. That such methods of procedure and standards of conduct toward seamen generally have not been advanced as they should have

been, coincident with the improved treatment of other classes of labor, is believed to be so well established as to need no comment, and the President hopes, therefore, that, when all the facts and circumstances attendant upon the passage of the Act are fully considered by the other governments whose treaties may be affected in parts, no serious difficulties will be found to delay or to prevent an agreement for the mere abrogation or omission of the respective articles found to be inconsistent with the provisions of the Act.

The President, although deeply anxious that an agreement be reached with foreign governments on this subject, is not concerned as to the particular method by which it may be consummated, whether by signed protocols of conferences or by mutual exchange of notes, as is a common practice in the conduct of many diplomatic affairs of this character. The latter course seems preferable because more easily effected. It will not be necessary to refer to the Senate of the United States for its advice and consent such an agreement by an exchange of notes, and this method of procedure will be regular and effective because of the authority already granted to the President by Section 16 of the Act to abrogate the portions of the treaties inconsistent therewith. Hence it will be perceived that the intent of Congress may be fully realized by informal agreements between the Government of the United States and other Powers, and that in this way the various important treaties now subsisting may remain in full force and effect with the exception of certain articles relating to seamen.

This Government hopes that the sympathetic consideration which the Government of Italy will undoubtedly bestow on its proposal may result in means being found to effect the abrogation merely of those treaty stipulations which are inconsistent with the Act of Congress of March 4, 1915, with as little disturbance as possible of the conventional relations now happily existing between the two Governments.

I am [etc.]

ROBERT LANSING

File No. 711.6521/100

The Secretary of State to the Italian Ambassador

DEPARTMENT OF STATE,
Washington, March 29, 1916.

MY DEAR MR. AMBASSADOR: Referring to Mr. Brambilla's recent call at the Department, relative to the conflict of the so-called Seamen's Act, approved March 4, 1915, with certain treaty provisions between this Government and Italy, I beg to transmit, herewith, for your information, a copy of an instruction dated March 23, regarding the matter, which has been sent to the American Ambassador at Rome.

I am [etc.]

ROBERT LANSING

File No. 711.6521/109

The Italian Ambassador to the Secretary of State

[Translation]

No. 2163

ROYAL ITALIAN EMBASSY,
Beverly Farms, Mass., June 29, 1916.

MR. SECRETARY OF STATE: Your excellency was pleased to send me in your courteous note of March 29 last the text of a direct commu-

nication to the Ambassador of the United States at Rome dated the 23d [25th] of that month relative to the notice previously given in the name of the American Government to terminate the Italo-American Consular Convention of May 8, 1878. In that communication your excellency stated that the earlier denouncement was to be understood to be limited in the intention of the American Government to Articles 13 and 11 only of the Convention and, for the last named Article, the Treaty of February 24, 1881, whose one article superseded that very Article 11.

Your excellency will certainly have now heard from the Embassy of the United States at Rome that the King's Government has taken formal note of that communication by which it stands understood that from the 1st of July of this year just the 13th and 11th articles of the Italo-American Consular Convention of May 8, 1878, and for the last named Article, the Italo-American Treaty of February 24, 1881, are abrogated.

At the same time, I have, in pursuance of instructions received, the honor to notify your excellency that the King's Government denounces as of July 1 next, the whole Italo-American Convention of May 8, 1878, which, as provided by its Article 18, will remain in force for one year's time until July 1, 1917.

I shall therefore be thankful to your excellency if you will please make formal acknowledgment to me of the denouncement by the King's Government through me as of the 1st of July next of the whole Italo-American Consular Convention, the said denouncement maturing on the 1st of July 1917.

I take [etc.]

MACCHI DI CELLERE

File No. 711.6521/111

Chargé Jay to the Secretary of State

[Extract]

No. 525

AMERICAN EMBASSY,
Rome, June 30, 1916.

SIR: In further reference to the Department's unnumbered instruction of March 23 last, relative to the abrogation of the Consular Convention between the United States and Italy, I now have the honor to transmit to you herewith translation of a note received to-day from the Minister of Foreign Affairs, taking due notice of the Embassy's note above referred to, and complying with the Department's request to disregard the instructions contained in its No. 324 of June 8, 1915, to give notice of the denunciation of the Consular Convention of May 8, 1878, between the United States and Italy in its entirety, and instead thereof to give notice of the intention of the Government of the United States to abrogate the Convention concluded between the two Governments February 24, 1881, and Article XIII of the Treaty of May 8, 1878.

I have [etc.]

PETER A. JAY

[Inclosure—Translation]

The Minister for Foreign Affairs to Ambassador Page

No. 31468/1121

MINISTRY FOR FOREIGN AFFAIRS,
Rome, June 29, 1916.

MR. AMBASSADOR: I have the honor to acknowledge the receipt of the esteemed note No. 1082 of April 21 with which your excellency makes known that you have been charged by your Government to inform the Government of the King that, owing to a pure misunderstanding, your preceding note No. 596 of June 21, 1915, gave notice of the desire of your Government to abrogate the entire Consular Convention between the United States and Italy of May 8, 1878, while it was the intention of the Government of the United States merely to abrogate Article XI of the Convention concluded between the two Governments February 24, 1881, and Article XIII of the Treaty of May 8, 1878, only.

In taking due cognizance of the foregoing, I beg [etc.]

S. SONNINO

File No. 711.6521/109

*The Acting Secretary of State to the Italian Ambassador*DEPARTMENT OF STATE,
Washington, August 2, 1916.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of June 29, 1916, in which, referring to the notice given by this Government of its desire to terminate, on July 1, 1916, the Treaty concluded between the United States and Italy on February 24, 1881, and Article XIII of the Treaty concluded between the two Governments on May 8, 1878, you state that your Government has taken formal cognizance of this Government's notice, and that it is now understood that these treaty stipulations are terminated from July 1, 1916.

You further give notice in behalf of the Royal Italian Government that it denounces, from the date of July 1, 1916, the whole of the Convention concluded between the United States and Italy on May 8, 1878, which will remain in force until July 1, 1917. In accordance with the request contained in your note, I herewith make formal acknowledgment of your Government's notice of denunciation of this treaty, Article XIII of which ceased, as indicated above, to be in effect on July 1, 1916.

I may observe with respect to Article XI of the treaty of May 8, 1878, to which you refer in your note, that this article, as of course your Government is aware, was annulled by the Treaty of February 24, 1881.

Accept [etc.]

FRANK L. POLK

File No. 711.6521/111

The Acting Secretary of State to Ambassador Page

No. 378

DEPARTMENT OF STATE,
Washington, August 8, 1916.

SIR: The Department has received Mr. Jay's No. 525 of June 30 last, enclosing a copy of a note from the Italian Minister of Foreign Affairs, making acknowledgment of your Embassy's note advising the Italian Government of the desire of the United States Govern-

ment to terminate the Convention between the United States and Italy of February 24, 1881, and Article XIII of the Treaty of May 8, 1878, between the same contracting Powers.

Reference in the note addressed to you by the Minister for Foreign Affairs to an Article XI of the treaty concluded between the United States and Italy on February 24, 1881, apparently is an inadvertence since the treaty contains but two articles and since in the Department's instructions of March 23, 1916, you were directed to give notice to the Italian Government of the intention of this Government to abrogate the entire treaty.

For your information the Department encloses herewith a copy of a note of June 29, 1916, received by it from the Italian Ambassador at Washington and a copy of the Department's reply.

I am [etc.]

FRANK L. POLK

FNe No. 711.6521/118

The Italian Ambassador to the Secretary of State

[Translation]

No. 1662

ROYAL ITALIAN EMBASSY,
Washington, June 11, 1917.

MR. SECRETARY OF STATE: By a note dated June 29, 1916, after stating that by reason of the communications made by the Government of the United States to the Italian Government with respect to the Consular Convention of May 8, 1878, the King's Government had taken note that from the first of July 1916, Articles 13 and 11 of that Convention and instead of the last named article the additional Convention of February 24, 1881, were abrogated, I gave your excellency notice that the Royal Government through me denounced the whole Consular Convention of 1878 from the first of July 1916. By note of August 2, 1916, your excellency was pleased to make formal acknowledgment of the denunciation.

The purpose that moved the King's Government to denounce the Convention of May 8, 1878, was, as I had the honor orally to remark to your excellency, to substitute for the Convention another covenant which would better meet, to our mutual interest, the changed exigencies of consular tutelage.

Since the existing consular convention was negotiated the relations between Italy and the United States which call for the intervention of the respective consular offices have grown so much in numbers and become so complex that a revision and modernization of the rules that govern the powers and duties of the said officers appeared to be of manifest mutual advantage. The conditions of life, circumstances, business relations and the whole complex atmosphere in which consular duties are now performed and will be in the near future are plainly different from those which prevailed at the time when the existing convention was concluded and it does seem appropriate that the rules which govern those duties should also be modified accordingly. The Government of the United States surely shared that view and evidently proceeded to put it into operation, if

only in part, when it had to ask the King's Government to consider as abrogated two of the articles of the said convention because of their being antiquated and no longer meeting modern exigencies.

The present anomalous political juncture, which demands every attention, has however made it impossible to prepare, since the convention was denounced, a new instrument which could be substituted for that now in force with any advantage. And even though the studies set on foot on the subject by the King's Government had taken the concrete form of convention articles, there would not be enough time left before the first of July to discuss the said articles with the Government of the United States and to sign and ratify the instrument. Nor can it be foreseen when all the various stages in the conclusion of a new treaty can be thoroughly covered.

Under the circumstances the denunciation if allowed to stand unaltered before a new and more suitable convention comes into existence, would purely and simply mean the abrogation of the existing convention. And until a new convention could be put in readiness, Italy and the United States would be left without a covenant empowering and guiding their respective Consuls in the discharge of their official duties. And this for obvious reasons cannot suit either party. Besides the objectionable consequences it might bring in practice, the want of a covenant of the kind herein considered would not be consistent with the relations of staunch friendship happily existing between the two countries. A modification of the denunciation as made, if by so doing the exigencies of the moment and the object for which it was originally made are met, thus appears to be entirely to our mutual advantage. And since the objectionable features of the denunciation made on June 29, 1916, would be found in the fact that it is to take effect on a set date which is that of June 30 next, then, the solution that offers itself naturally is to do away with any fixed term and reduce it to a simple declaration of the intention of the Royal Government to denounce the existing convention at a convenient time and place.

And inasmuch as the King's Government took the initiative of serving the notice of June 29, 1916, so it now behooves the same Government of the King to ask the Government of the United States that it be withdrawn so that the existing convention may remain in force until further notice.

The reasons and motives of this step are such as to lead me to hope that the Government of the United States will readily accede to it in the general interest of the two countries and in the special interest of the functions of their respective Consuls. And being confident thereof, I take pleasure in begging your excellency kindly to acknowledge that the King's Government has formally withdrawn, with regard to the Government of the United States, as I hereby have the honor to do, the denunciation notified on the 29th of June 1916 and that consequently, and until further notice, the Consular Convention concluded between the two Governments on the 8th of May 1878, barring its Articles 13 and 11 and barring, for the last named article, the additional Convention of February 24, 1881, remains in full force and effect.

For which I extend my thanks to your excellency and beg [etc.]

MACCHI DI CELLERE

File No. 711.6521/118

The Secretary of State to the Italian Ambassador

No. 283

DEPARTMENT OF STATE,
Washington, June 22, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of June 11, 1917, in which you refer to your note of June 29, 1916, wherein, referring to the notice given by this Government of its desire to terminate on July 1, 1916, the Treaty concluded between the United States and Italy on February 24, 1881, and Article XIII of the Treaty concluded between the two Governments on May 8, 1878, you stated that your Government had taken formal cognizance of this Government's notice, and that it was understood that these treaty stipulations should be terminated from July 1, 1916, and wherein you further gave notice in behalf of the Royal Italian Government that it denounced from the date of July 1, 1916, the whole of the Convention of May 8, 1878, such denunciation to take effect July 1, 1917.

You call attention to the reasons which prompted the Italian Government to denounce this treaty and state that, since it has been found impossible to prepare, as your Government has taken steps to do, a new instrument which could be substituted for this treaty by July 1, 1917, a proper solution of the situation is to withdraw the notice of denunciation of the treaty and to reduce it to a simple declaration of the intention of the Royal Government to denounce the existing convention at a convenient time and place.

You, therefore, request that the Government of the United States acquiesce in the withdrawal of the notice given by your Government under date of June 29, 1916, and that I acknowledge that the King's Government has formally withdrawn, as is done in your note under acknowledgment, their notice of June 29, 1916, and that consequently, until further notice, the Consular Convention concluded between the two Governments on May 8, 1878, with the exception of Article XIII and Article XI, the last mentioned of which was annulled by the Treaty concluded between the two Governments on February 24, 1881, remains in full force and effect.

In accordance with your request, I have the honor to say that the Government of the United States acquiesces in the withdrawal of the denunciation of the Treaty of May 8, 1878, notified by your Government under date of June 29, 1916, and I hereby make formal acknowledgment of such withdrawal with the understanding that the Treaty of May 8, 1878, with the exception of Articles XI and XIII, remains in full force and effect.

Accept [etc.]

ROBERT LANSING

SEVERANCE OF DIPLOMATIC RELATIONS BETWEEN THE UNITED STATES AND AUSTRIA BY THE AUSTRIAN GOVERNMENT, APRIL 8, 1917, AND DECLARATION OF WAR AGAINST AUSTRIA BY THE UNITED STATES, DECEMBER 7, 1917

(See supplementary volumes of "Foreign Relations of the United States.")

BRAZIL

DEMONSTRATION OF FRIENDSHIP TOWARD THE UNITED STATES BY THE GOVERNMENT AND PEOPLE OF BRAZIL

File No. 832.461/2

Ambassador Morgan to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Rio de Janeiro, July 5, 1917, 11 a. m.

A remarkable demonstration of friendship for the United States and a further step toward cooperation with the cause of the Allies marked the commemoration yesterday of Independence Day by the Brazilian Government. The President of the Republic visited the flagship of Admiral Caperton's squadron and on the initiative of the Minister of Marine there was a street parade of marines and blue-jackets in which the crews of the American, French and British war vessels in Rio de Janeiro Harbor participated in the company of a Brazilian naval contingent, a total of 2,600 men. Our boys received a popular ovation which was as sincere as it was spontaneous.

MORGAN

File No. 832.461/3

Ambassador Morgan to the Secretary of State

No. 958

AMERICAN EMBASSY,
Rio de Janeiro, July 11, 1917.

SIR: On July 5 the Embassy informed the Department by telegram that a further step toward affiliation with the cause of the Allies and of approximation toward the United States had marked the commemoration of Independence Day by the Brazilian Government.

At noon on July 4 the President of the Republic, accompanied by the Minister of Marine and the members of his military and civil household, a party of a dozen persons, visited the U. S. S. *Pittsburg*, the flagship of Admiral Caperton's squadron. In the Admiral's cabin toasts were exchanged between the Admiral and the President, over cups of Brazilian coffee, in the sense of the first enclosure to this despatch.

During the afternoon a contingent of marines and bluejackets, numbering about 2,600, composed of a portion of the crews of the four American, two British and one French cruisers in the harbor, and a considerable body of Brazilian marines and bluejackets, marched through the principal streets in the center of Rio de Janeiro, led by Admiral Francisco de Mattos, Commandant of the Brazilian Division of Dreadnoughts. The parade was reviewed by the President and the diplomatic representatives of the Powers represented in the contingent. The crowds were so great in the Avenida Central that

the police were obliged to clear a way. Cheers and hand-clapping greeted the contingent while marching; and flowers were thrown upon them from balconies and windows. Our boys especially received a popular ovation which was as sincere as it was spontaneous. The photographs which accompany this despatch, as a second enclosure, indicate both density of the crowds and the good appearance of the men while marching.¹ Subsequent to the parade a numerously attended reception was held at the Embassy which was open to all comers.

On account of the parade, the usual sports and garden party were postponed until July 5, when, with the cooperation of Admiral Caperton's sailors, the program was carried through successfully. The opinion of the oldest inhabitant is valuable in regard to the observation of national holidays. The testimony from that source is to the effect that Independence Day was never more heartily, more appropriately, or more gratifyingly commemorated than it was in the current year, in Rio de Janeiro.

I have [etc.]

EDWIN V. MORGAN

[Inclosure]

VISIT OF THE PRESIDENT OF BRAZIL TO THE U. S. S. PITTSBURG, FLAGSHIP OF
ADMIRAL CAPERTON, U. S. NAVY

The Admiral said to the President:

I feel highly honored by the presence of your Excellency on the flagship of the fleet which has come to bring a message of cordial friendship to the Government and the people of Brazil. I am delighted with your country and with your people, and I am sorry that my stay cannot be prolonged.

The President replied:

It gives me great pleasure indeed to come aboard this ship and bring my felicitation for the United States of America, in the first place; and for the Ambassador and the Admiral in the second. I regret that the officers cannot make a longer stay among the Brazilians with whom the officers and the men of the fleet have made a splendid impression. He added: It is common knowledge among my people that the enlisted men of the fleet appear to be of a very high class, and their comportment has been admired by everybody.

This exchange of courtesies was followed by the serving of coffee, in the Admiral's quarters, as the national drink of Brazil and the Brazilian product which has done most toward the commercial approximation of the two countries. Allusion to this fact by the Admiral and the Ambassador appeared to be most pleasing to the President, and was followed by about twenty minutes of very cordial and friendly conversation.

File No. 811.33/144

Ambassador Morgan to the Secretary of State

No. 960

AMERICAN EMBASSY,
Rio de Janeiro, July 11, 1917.

SIR: The visit of Admiral Caperton, Commander-in-Chief of the Pacific Squadron, with the four vessels of his command, the *Pittsburg*, *South Dakota*, *Frederick*, and *Pueblo*, from June 26 to July 6, was gratifying both to the Brazilian Government and people which expressed its appreciation not only by a number of entertainments but by signs and indications which are more eloquent than the series

¹Not reproduced.

of fêtes which usually commemorates the visit of a squadron. The bonhomie and desire to please which the Admiral and his officers indicated were in harmony with the spirit which animates the Brazilians toward the United States, and were particularly acceptable on that account. The enlisted men of the squadron, most of whom were between the ages of 18 and 22, conducted themselves with propriety and their popularity was proved by the remarkable cordiality with which they were greeted, not only during the naval parade on July 4, but also on the frequent occasions on which they visited this city. Although about 2,000 of them came ashore every day I have yet to hear of an instance where they abused the hospitality which was shown them or disturbed public order by thoughtless or rude acts.

The naval parade on July 4, in which a contingent of American, English, French and Brazilian marines and sailors participated was a remarkable spectacle which produced a deep impression on all who saw it and committed the Brazilian Government to a further step on the political ladder toward approximation with the United States and her European associates in the War of 1917.

The newspapers were most favorable in their comments. An article in *A Noite*, the leading evening paper in this city, remarked upon the good humor and generosity of our boys which was displayed on many occasions in a gratifying manner. Before sailing for the south Admiral Caperton paid official calls upon the Ministers, associations and newspapers, an act of courtesy which was commented upon with approval in the public press.

I have [etc.]

EDWIN V. MORGAN

CENTRAL AMERICA

DENUNCIATION BY NICARAGUA OF THE TREATY OF DECEMBER 20, 1907, INSTITUTING THE CENTRAL AMERICAN COURT OF JUSTICE. RENEWED ATTEMPT TO FORM A UNION OF CENTRAL AMERICAN REPUBLICS

EDITORIAL NOTE.—The five Central American States, Guatemala, Honduras, Salvador, Nicaragua and Costa Rica, then known as Guatemala, declared their independence in 1821, and were for a time incorporated in the Mexican Empire during 1822. Upon the declaration of a Mexican Republic they broke away from Mexico, and in July 1823 formed the Republic of the United States of Central America, which lasted until 1840. In 1842 an attempt to reunite was made which resulted in the Union of Guatemala, Honduras, Salvador and Nicaragua. This union was dissolved in 1845. In April 1845 Salvador and Guatemala proposed a conference for the purpose of forming another union. The conference did not take place. In October 1847 another attempt for union was made by Honduras, Salvador and Nicaragua; it also resulted in failure. In 1852 Honduras invited Salvador and Nicaragua to send delegates to a National Diet. Union was decreed under the name of the Republic of Central America. Nothing seems to have been accomplished. In 1862 Nicaragua invited Honduras, Salvador and Guatemala to form a union. Nothing came out of this attempt. In 1885 Guatemala and Honduras attempted to form a union by the use of force, but they were defeated by the combined forces of Salvador, Nicaragua and Costa Rica. In 1886 Guatemala proposed a congress to formulate a union. The Congress met at San José, Costa Rica, in 1888, and made a pact for a provisional union under the name of the Republic of Central America. Revolutions and strife broke out in Salvador and Guatemala and the attempt for union again resulted in failure. In June 1895, a pact was signed at Amapala by representatives of Honduras, Nicaragua and Salvador forming the Greater Republic of Central America. This Union was recognized by the United States on December 24, 1896. (For. Rel. 1896, p. 367.) The Department was advised of the dissolution of the Greater Republic of Central America on November 29, 1898. (For. Rel. 1898, p. 172.) In 1907 the five Central American Republics signed a number of treaties at the Conference of Washington. (For. Rel. 1907, p. 692 et seq.) The Central American Court of Justice was instituted in accordance with one of the above treaties. As Nicaragua refused to accept the decisions of the Court in the matter of the Bryan-Chamorro Canal Treaty between the United States and Nicaragua (For. Rel. 1916, p. 888), the treaty instituting the Court of Justice was denounced in 1917 by Nicaragua, and an attempt was made in that year to reunite the five Central American States as shown by the following correspondence.

File No. 713.001/57

Minister Jefferson to the Secretary of State

No. 352

AMERICAN LEGATION

Managua, March 14, 1917.

SIR: Referring to my cable of March 7, 11 a. m.¹ relative to the withdrawal of the Nicaraguan Government from the Central American Court of Justice, I have the honor to enclose herewith for the information of the Department a copy and translation of the note from the Foreign Office of March 10, 1917, in which is transcribed the telegraphic communication of the Minister for Foreign Affairs to the Central American Governments declaring the intention of the Government of Nicaragua to withdraw from the Central American Court of Justice.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

*The Minister for Foreign Affairs to Minister Jefferson*NATIONAL PALACE,
Managua, March 10, 1917.

MR. MINISTER: I have the honor to transcribe the following telegraphic communication, confirmed today by letter, which was addressed to the Governments of Central America, relative to the Central American Court of Justice.

MANAGUA, March 9, 1917.

MR. MINISTER: Article XXVII of the Convention for the establishment of a Central American Court of Justice, signed in Washington December 20, 1907, provides that said Convention shall remain in force for the period of ten years, counting from the last ratification, which was that of the Government of Guatemala, dated March 11, 1908. The motives which there is no occasion to explain at this opportunity, among which I may cite as of principal consideration, that of the heavy expenses which the signatory governments are obliged to make for the maintenance of that Tribunal, without doubt for the most high purposes, expenses which are now incompatible with the difficult economic situation, because it continues to prevail throughout Nicaragua, these motives move my Government, with much pain, to make to your excellency, as it now makes, its withdrawal from the said Convention for the establishment of a Central American Court of Justice, in compliance with the cited article of the Convention which establishes the period of its enforcement, or also it may be at this moment the time to declare the intention of one of the parties with respect to the caducity of said Convention. In bringing the former to the knowledge of your excellency, I make haste to inform your Government that this declaration in no respect alters the sentiments which inspire my Government with the most keen and sincere feeling of fraternity for the Government of your excellency, availing myself at this time of the opportunity to reiterate to you the assurances of my most cordial and distinguished consideration with which I sign myself, your excellency's obedient servant,

J. A. URTECHO

Tomorrow being the end of the period allowed by the Treaty, it was necessary yesterday to make the above inserted withdrawal in the form just expressed.

With assurances [etc.]

J. A. URTECHO

¹ Printed under Nicaragua, Chamorro-Bryan Canal Treaty, etc., p. 1100.

File No. 713.001/55

The Minister of Salvador to the Secretary of State

LEGATION OF SALVADOR,
Washington, March 30, 1917.

MR. SECRETARY: Acting under instructions from my Government, I have the honor to enclose herewith, for your excellency's information, translations of telegrams that have just passed between the Foreign Offices of Nicaragua and El Salvador bearing date the 9th² and 16th instant, respectively, and relating to Nicaragua's denouncement of the convention for the establishment of a Central American Court of Justice, concluded at Washington on the 20th of December, 1907.

I beg leave, also, to bring to the attention of your excellency's Government the attached memorandum containing a brief expression of the views of the Government and people of El Salvador respecting that momentous act on the part of her sister Republic, and would be grateful if your excellency would be good enough to give some expression of the views of your Government as, in a way, one of the moral guarantors of the denounced convention.

With renewed assurances [etc.]

R. ZALDIVAR

[Inclosure 1—Telegram—Translation]

The Salvadorean Minister of Foreign Relations to the Nicaraguan Minister of Foreign Relations

SAN SALVADOR, March 16, 1917.

I have the honor to acknowledge the receipt of your excellency's esteemed telegram of the 9th instant, in which you are pleased to inform me that, according to Article 27 of the convention for the establishment of a Central American Court of Justice, the said convention shall remain in force for the term of ten years counted from the last ratification, which was that of the Guatemalan Government, on the 11th of March, 1908; and that, for reasons that need not be fully set forth on this occasion—but among which you cite the most important, to wit, the heavy expenses occasioned by the maintenance of the Central American Court, which expenses, you say, are already insupportable in face of the economic conditions under which Nicaragua is laboring—your Government regretfully denounces to this Government the said convention, in conformity with the above-cited Article that fixes the term within which the convention is to remain in force.

In reply, Mr. Minister, my Government begs to express to your excellency's Government the deep pain with which it has received the notification of the latter's intention to hold as rescinded the convention in question, at the approaching conclusion of the term prescribed in Article 27 thereof, because my Government considers the fact to be most momentous that that sister Republic should place itself outside the international concert of Central America which was created in 1907 by the Conventions of Washington (conventions that my Government is confident will be adhered to by the other signatory republics), and consequently outside the system which the Republics of the Isthmus established by those conventions for the pacific settlement of their disagreements and controversies—a highly beneficent system which the prominent men of America have recognized as being a most advanced step in the progress of international institutions. This act is the more regrettable when it is considered that just now all peoples are anxious to provide for their future well-being by seeking to protect themselves from the calamities of war by means of what must be acknowledged as one of the best methods, the adoption of a system of the kind that by good fortune has

been established in Central American States; a system that makes it easy to disadjust their agreements by the peaceful and honorable application of the principles of law and justice. This conception of the Central American Court of Justice must of necessity become more and more popular from now on, and the tribunal must come to be accepted as a wise and far-sighted measure that will reflect glory, not only on the Republics of Central America, but on the United States and Mexico, under the auspices of whose Governments was born that august international institution, the first of its kind.

For the reasons set forth, my Government believes that your excellency's Government will contract a very grave moral responsibility if it carries out its intention of holding as rescinded the convention in question. Wherefore, in the most friendly and fraternal spirit, my Government has the honor hereby to address to the Nicaraguan Government, in the distinguished person of your excellency, the most respectful expression of its hope that the Government will generously strive to overcome any obstacles to its adherence to that pact and retire from its determination to withdraw therefrom, in order that it may continue, in unison with the Governments of its sister Republics, to enjoy the benefits of the stipulations agreed to at Washington, the object of which is that Central America should form an international nucleus guided, in the relations of its five States, by the canons of justice, law and peace.

If, in spite of the considerations above suggested, your excellency's Government decides to insist upon its determination, I must inform your excellency's illustrious Government that my Government understands that the stipulation contained in Article 27 of the Convention for the Establishment of a Central American Court of Justice, and prescribing the term within which it is to remain in force, cannot be availed of as justification in holding that convention alone to be rescinded whilst holding to be in full force and vigor the General Treaty of Peace and Amity that was concluded at Washington on the same date, because the first and most important of the stipulations of the latter pact provides, as the means whereby peace and the most complete harmony among the signatory Republics is to be maintained, that every difference or difficulty that may arise amongst them, of whatsoever nature it may be, shall be decided by means of the Central American Court of Justice. That stipulation constitutes the most essential provision of that General Treaty, and, consequently, my Government considers that its force and effect is wholly bound up with the life of the treaty itself. From this it must naturally be inferred that so long as one of the High Contracting Parties does not signify its intention to put an end to that treaty, in the manner prescribed in its 19th Article, the convention for the establishment of a Central American Court of Justice cannot be held to be rescinded, even though the term fixed in Article 27 of the latter may have elapsed. That term is merely a repetition of the identic term prescribed in Article 19 of the General Treaty, but it is unaccompanied by the provision granting power to denounce the convention separately at the end of the period.

My Government, Mr. Minister, takes refuge in the firm hope that the Government of Nicaragua will do all that may lie in its power to maintain in force the Treaties of Washington, and in thus giving expression to these most fervent hopes, it remains only to assure your excellency that the sentiments of my Government towards that sister Republic are inspired by the liveliest sympathy and the most sincere desire for the preservation of the friendly relations that happily exist between the two countries.

I beg [etc.]

R. ARRIETA ROSSI

[Inclosure 2—Memorandum]

The Government and people of El Salvador consider that the existence of the Central American Court of Justice is of vital importance to the maintenance of peace in Central America, since, in their opinion, that court is the fundamental basis of the General Treaty of Peace and Amity which was concluded at Washington on the 20th of December, 1907. They are also of the opinion that the contemplated rescission of the convention that created that court, if allowed to be consummated, will effectively carry with it the rescission of the other pact, because, conversely, so long as the General Treaty remains in force, it would be impossible to hold that the convention that gave life to a court which is called upon to settle peacefully all disagreements that may arise among the Central American States is not also in force; and that, therefore, if the Government

of Nicaragua persists in the determination of which the Salvadorean Foreign Office has been given notice, by telegram of March 9, then also must stand without force and effect the vitally important stipulations contained in these Treaties of Washington that were concluded under the auspices of the Governments of the United States and Mexico.

File No. 713.001/58

Minister Jefferson to the Secretary of State

No. 360

AMERICAN LEGATION,
Managua, April 3, 1917.

SIR: I have the honor to enclose herewith for the information of the Department Spanish copy and translation of notes³ exchanged between the Government of Nicaragua and that of El Salvador relative to the withdrawal of Nicaragua from the Central American Court of Justice, and also Spanish copy⁴ of the opinion of the Judge of Nicaragua, Dr. Daniel Gutiérrez Navas, in the case of El Salvador versus Nicaragua.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

The Nicaraguan Minister of Foreign Relations to the Salvadorean Minister of Foreign Relations

MANAGUA, March 20, 1917.

I have the honor to again address your excellency referring to your courteous telegram of 16th instant, in which after being pleased to acknowledge the receipt of my despatch of 9th instant you express the pain with which the most excellent Government of El Salvador has read the sentiments of my above despatch, which has occasioned the considerations expressed in your excellency's telegraphic communication which I have noted and which ends with assurances of amity and fraternity for that most excellent Government, which it is my high honor to represent.

It is not my purpose, Mr. Minister, to enter into any controversy on this point, but simply to bring to the attention of that most excellent Government, through the worthy medium of your excellency, the opinion of my Government with respect to the questions raised by your excellency.

Nicaragua considers that the General Treaty of Peace and Amity of 1907 which establishes grounds for the general relations of the Central American countries and stipulates by way of recommendation certain essential points which were the object of special Conventions, constitutes an instrument entirely independent of the other Conventions signed on that same date, which are in their way separate and complete treaties, as each one of them appears in the correct form for that kind of documents, and as each one of them also contains its respective clause of a different period of time for its sole and own caducity, without having other bond or legal dependency than the high and generous spirit which dominated at its celebration.

Confirming by comparison that which precedes, I cite the case of the withdrawal from another of the treaties of the series on future Central American Conventions made by my predecessor, Don Diego M. Chameorro, on December 16, 1913, without there being made at that time observations of any kind regarding the consequences of the withdrawal.

In reality there truly was no necessity in the present case for the formal procedure of the withdrawal, so long as Article 27 of the respective convention conclusively declares, without other provision similar to that of the other treaties of the series, that "it shall always be considered in force for the period of ten

³Note of Mar. 16, printed *supra*.

⁴Not printed.

years", the fatal provision to which my Government has submitted for the purpose of its notification of the 9th of this month, as much to comply with a provision of the Convention itself, as to avoid possible objections relative to the period of enforcement of the General Treaty of Peace and Amity. In other words, it is an act which is fulfilled by itself alone, without Nicaragua's contracting special responsibilities, and which if it leaves unstable the first clause of the General Treaty of Peace and Amity in nothing does it disagree with the entirety of the others, as neither has it been affected by the instability which existed in fact in Articles IV, V, XII and XIII of the General Treaty itself, except by this circumstance that it forms a separate matter, notwithstanding its importance, in the series of the Conventions of Washington, this country ceases to take part in the international concert created by such conventions signed and observed by Nicaragua, which not only has not been exempt from contributing to the maintenance of the Central American Court of Justice, but also rendering all homage to that High Tribunal it always maintained its representative, and recently sent as its attorney to treat of one phase of the question on account of its high importance no one less than the President of the Judicial Power and of the Supreme Court of Justice of this Republic.

My Government pleased to return in full the friendly and fraternal sentiments of your excellency expressed in your message of reply, sentiments which have always united both Republics from the days of the Independence, as the then Minister of Foreign Affairs of that country, Dr. Manuel Castro R., expressed them in a telegram of reply to this Department of February 6, 1911, hopes that they will continue bound by an indestructible union between our peoples and Governments, and that both nourished and inspired with such sentiments of true Central-Americanism they shall prevail above every other consideration for the maintenance of mutual respect and reciprocal confidence, the base and support of a strong, close and well understood friendship, as that which happily unites our Sister States.

Omitting referring for want of space to the other points, which I consider of secondary character, in your courteous telegraphic communication, I have the honor of renewing to your excellency the assurances of my very high esteem and most distinguished consideration with which I am pleased to sign myself.

J. A. URTECHO

File No. 817.812/320

The Nicaraguan Chargé d'Affaires to the Secretary of State

[Translation]

NICARAGUAN LEGATION,
Washington, April 14, 1917.

MOST EXCELLENT SIR: I have the honor to inform your excellency that I have received from my Government a special instruction to lay before you the following statement:

On December 20, 1907, there was signed in this city by the representatives of the five Isthmian Republics a series of Conventions aiming to draw closer the relations between the Central American countries, the said series beginning with the General Treaty of Peace and Friendship, which establishes conditions favorable for unalterable peace and promoting the relations of those nationalities; it further recapitulates the matters that were the subject of special and independent conventions and fixes its term and the manner of terminating it, namely, through notice of one of the parties to the others one year before the expiration of the term of ten years, counted from the date of the exchange of ratifications.

One of these conventions is that which created the Central American Court of Justice, it having been concluded separately from the General Treaty of Peace and Friendship, and in the making of which all the requisites were observed that give it the character of a distinct convention, however much all of them may appear to spring from

the original, lofty and noble idea which, in the first treaty of the series, embodied the various prerequisites for that mutual respect and reciprocal cordiality which ought to prevail among all those nationalities.

Article 27 of that Convention stipulated as its unquestionable object that "the high contracting parties will always consider in force during the term of ten years, counted from date of last ratification," which term for the purposes of the denunciation expired on the 11th day of the month of March of this year, and which my Government had to observe in good time to give to the signatory Governments notice of its intention, which, furthermore, was unnecessary seeing that the clause just mentioned sets forth in an inevitable and conclusive manner the term of its life without other formality than that described, for instance, in the General Treaty of Peace and Friendship, which I have mentioned above and has been adopted by the Department of Foreign Relations in Nicaragua, both to settle elementary duties of courtesy and to avoid any objection that might be made on the erroneous assumption that the two treaties are inseparable.

There is so little doubt as to the distinct and complete nature of every one of these Conventions of various duration that the last one of the series, to save any of the argument concerning further Central American Conventions whose term was set at five years with a possible extension of six months when "one of the parties had notified the others of its decision to withdraw from it", was denounced by the former Minister of Foreign Relations of Nicaragua, don Diego Manuel Chamorro, on December 16, 1913, without arousing any protest whatsoever based on the suggestion or recommendation which is made of it, as of the others, by the above referred to General Treaty of Peace and Friendship.

My Government wishes to impress your excellency with the assurance that Nicaragua is not in any way opposed to arbitration as the method par excellence recommended by civilization for the peaceful settlement of disputes among States, as is proved by its having contributed in preference to the maintenance of the Central American Court of Justice notwithstanding its harrowing economic condition, and the other fact no less eloquent that it lately sent the President of the Judiciary and of the Supreme Court of Justice to the said Court as Nicaragua's counsel, who, although he carried instructions to deny the jurisdiction of that Court over the matter in dispute, proved by his mere presence beyond doubt, a patent and marked evidence of respect and consideration as also of brotherhood for that institution and the honorable justices, designated by the sister Republics, according to the justice loving words of the President of the Court, Doctor don Angel Bocanegra, in the special reception granted to our representative.

Nicaragua regards it as a matter of regret to put on record here the deplorable truth, that the Central American Court of Justice, far from responding to the lofty purposes of its creation, degenerated plainly after a long period of inactivity into a center of lively intrigues of the Central American Governments incited against Nicaragua in connection with the signing of the Chamorro-Weitzel Treaty which was not carried into effect, and more particularly the Bryan-Chamorro Convention of 1914.

Through this Convention entered into in the exercise of the sovereign and inalienable powers that belong to Nicaragua and of which it will never tolerate the slightest impairment, an action was brought against my Government first by that of Costa Rica on March 24, 1916, later by that of Salvador on the 28th of August of the same year, after a well known crusade for the preparation of the minds for concerted action by the capitals of the Isthmian Republics, the consequence being that both awards of the Court invariably adverse were given in plain violation of justice and on questions forbidden to its jurisdiction before first attempting conciliation between the Governments to which express reference is made in Article I of the Convention that created the Court.

It is a preeminent matter of self respect to maintain intact the sovereign rights of the State, the mere discussion of which would detract from the national dignity; on the other hand, the undisguised prejudices of the Court against most important international negotiations of Nicaragua in which not only its public and sovereign faith is pledged but that also is involved which it has believed to be since the beginning its high and natural destiny; a prejudice which, in all likelihood would give rise to new compromising situations, painful and unusual, with the other sister Republics of Central America and which does not fit in with "the purpose of effectively guaranteeing their rights and maintaining unalterable peace and harmony in their relations", as set forth in the preamble of the Convention; and finally the motive, set forth in document of modification, which clearly is none the less sincere and compelling, forced my Government to arrive at that final decision as to the present organization and functioning of the Central American Court of Justice.

I shall not give any time, deeming it unnecessary in the presence of the papers already produced in both cases, to demonstrate the palpable injustice of the two judgments rejected by Nicaragua, in as much as with respect to the plea of Costa Rica, the provisions of the Jerez-Canas of 1858 and of the Cleveland Award of 1888 are definite; and with regard to that of Salvador, as it not only violates the rules of international law in its application to the Gulf of Fonseca but leaving intact the territorial rights of Honduras in the waters of the said Gulf, declares condominium with Nicaragua in the said bay, notwithstanding the fact that Honduras lies between Salvador and Nicaragua and the boundary between the first and last of those States was fixed by the said award.

It is fit to record here that when Salvador instituted its demand of condominium, it met with a vigorous protest from Honduras, which frankly stood against the claims of Salvador and that not long ago, a few days before the recent action was instituted, there was signed a Convention, which has not yet been ratified and of which I enclose a copy,⁴ between the representatives of the above cited countries under which Salvador gave a manifest recognition of the territorial rights of Honduras in the Bay of Fonseca, thereby granting full merit and justice to the firm ideas of the protest above referred to against the claims of condominium, which Convention won the praise of his excellency, the Minister of Foreign Relations of Honduras, as seen in

⁴Not printed.

the report of his Department of 1915-1916, which also contains the text of the said arrangement, which clearly amounts to the Government of Salvador rectifying its opinion.

It is, therefore, on the strength of the foregoing and from a sense of national dignity for the safeguard of the interests of the country and because the heavy contribution is manifestly inconsistent with the nature of the Courts agency that my Government, observing the unfortunate termination of its power, denounced altogether, rightfully and advisedly the convention on the subject, which while it leaves Clause I of the General Treaty of Peace and Friendship without force does not affect the remainder as a whole, as they have not been affected by the termination of Articles IV, V, XII and XIII of the same General Treaty.

Before closing this note, I must comply with the recommendation of his excellency, the Minister of Foreign Relations of Nicaragua to present to your excellency his personal compliments, and I avail myself of the opportunity of renewing [etc.]

JOAQUIN CUADRA Z.

File No. 813.00/852

Minister Jefferson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Managua, August 22, 1917, 10 a. m.

President Chamorro informed me that he had received a special note from the Honduran Foreign Office, at the request of President Bertrand, asking him to appoint a plenipotentiary to meet with other Central American representatives in commemoration of September 15 for the purpose of considering the extension of the Central American Court of Justice for another decade but the most important part of the note has to do with Nicaragua joining in the movement for a Central American Union.

JEFFERSON

File No. 813.00/855

Chargé Johnson to the Secretary of State

[Telegram]

AMERICAN LEGATION,

San José, August 23, 1917, 10 a. m.

Your August 22, 5 p. m.⁴ Simultaneously with beginning yesterday of the propaganda here in favor of Central American Union there is published for the first time identical note from the Minister of Foreign Affairs *de facto* Government dated July 17, 1917, to the other Central American States except Nicaragua proposing conference here September 15 to extend life of the Central American Court of Justice and to revise generally Washington Conventions. No answers are published. Provisions of the Convention note forecast in annual report Minister of Foreign Affairs transmitted despatch No. 150,

⁴Not printed.

July 31.⁴ Tinoco organ *La Información*, in order to satisfy popular demand, welcomes movement of union as desirable and necessary for Central America, but *de facto* Government apparently committed to principles of Washington Conventions, both by reason of initiative already taken and by the fact that Carnegie Building, San José, for the Court rapidly nearing completion. Lara announces in the newspapers that officially no information has been received of the unionist movement by his Government.

JOHNSON

File No. 813. 00/858 •

The Salvadorean Minister to the Secretary of State

[Translation]

SALVADOREAN LEGATION,
Blue Ridge Summit, Pa., August 23, 1917.

MOST EXCELLENT SIR: By reason of the present Government of Nicaragua's denunciation of the convention which created the Central American Court of Justice, my Government, interested in conserving for the Central American countries the beneficent influence of that high tribunal, has made known to the other Governments of Central America its desire that a Central American Conference be held for the purpose of considering and proposing the form and conditions in which the Central American Court of Justice shall continue at the expiration of the period set in the Regulations of 1907.

And taking into consideration the fact that the Conference that gave birth to the high tribunal above referred to was held on the friendly initiative of the Governments of the United States and Mexico, and the great effect of the moral support of the two friendly nations on the practice of the principles and the performance of the purposes adopted at the said conference, my Government, as a token of its debt of gratitude, has given me special instructions to say to your excellency that it would be highly pleased if your Government would send representatives to the contemplated conference in the event of its being held.

Hoping that your excellency's Government will favorably entertain my Government's initiative and gladly lend it its friendly assistance in bringing to a happy conclusion the labors of the contemplated conference, I reiterate [etc.]

R. ZALDIVAR

File No. 813.00/857

Minister Ewing to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Tegucigalpa, August 24, 1917, 1 p. m.

Department's August 22, 5 p. m. Movement in favor of Central American Union result of note from Costa Rica addressed to other Republics July 17 extending invitation convention to convene San José September 15. Costa Rica proposes object of convention revi-

⁴ Not printed.

sion of Treaty of Washington 1907. Honduras replied suggesting scope of convention be extended to include consideration plan to effect reestablishment original Central American Republic. Sanchez Ocana, envoy on special mission from Guatemala, formally presented credentials yesterday. Considerable local enthusiasm.

EWING

File No. 813.00/865

Chargé Johnson to the Secretary of State

No. 162

AMERICAN LEGATION,
San José, August 24, 1917.

SIR: Referring to your telegram dated August 22, 5 p. m., I have the honor to send enclosed herein copies and translation of the note of the Minister of Foreign Affairs of Costa Rica dated July 17, 1917, and first published here on August 22, 1917, and of the note in reply from the Minister of Foreign Affairs of Honduras dated July 31, 1917, and first published here on August 23, 1917.

The Costa Rican note embodies the suggestion that the Washington Treaties be revised and extended, particularly that creating the Court of Justice, at a conference of plenipotentiaries to be held in this city September 15th next, and that if Nicaragua is unwilling to recede from its denunciation of the treaty that she be left out but the road left open to her to join at a later day whenever she admits the jurisdiction of the court in the recent suit of Costa Rica against her over the Bryan-Chamorro Treaty. The Honduras note accepts the invitation to the conference of plenipotentiaries but proposes that the primary subject of the conference be the embodying into a treaty of the union of all the Central American States, stating its willingness to enter into an extension of the treaties, but apparently only on the condition that Nicaragua also joins, in case the project for union fails.

A further report in compliance with your telegraphic instructions referred to above will be sent at an early date.

I have [etc.]

STEWART JOHNSON

[Inclosure 1—Translation]

The Minister of Foreign Affairs of Costa Rica to other Central American Republics except Nicaragua

DEPARTMENT OF FOREIGN RELATIONS,
San José, July 17, 1917.

MR. MINISTER: I have the honor of informing your excellency that this Chancellery, in view of the note dated March 9 last which was sent to it by his excellency, the Minister of Foreign Affairs of Nicaragua, in which he gives notice of the denunciation, on the part of his Government, of the Convention of December 20, 1907, which created the Central American Court of Justice and which was signed in Washington by the Plenipotentiaries of Costa Rica, Honduras, Guatemala, Salvador and Nicaragua, thinks it necessary to hasten to bring about an exchange of impressions in the matter, in order wisely to decide what will be most to the interest of these Republics under the circumstances.

The Government of Costa Rica, inspired by the most cordial sentiments of fraternity, would observe with the greatest pleasure that the Government of Nicaragua, considering its denunciation as having been made within the spirit of

Clause XXVII of the Convention, saw fit to accept the extension of the life of the Court for a new decade in view of the advantages which the maintenance of that institution brings to our nations in the midst of whom it fills the high mission of solving pacifically and in a civilized manner by rules of law the controversies or differences of an international character which might arise between them.

In a word, in the judgment of this Government, the Central American Court of Justice, in which are traced the noble principles of arbitration, is an important conquest of progress in these countries and it would be sad indeed to see it disappear exactly at a time in which the spectacle of the World War imposes on the human conscience the absolute necessity of banishing the cruel recourse to force as the solution of the contentions between nations.

The right of denunciation exercised by the Government of Nicaragua before the other signatories of the convention to which I refer imposes the reorganization of the Court by the other States agreeing with the idea that it should be preserved; and to provide for the unexpected contingency that that Government persists in its present position of closing its ears to all effort directed to induce it to desist, it is the lively and sincere desire of Costa Rica, and in this sense I hasten to communicate it to your excellency, that in the new treaty the steps be pointed out that are necessary so that at any time our sister Republic can join as high contracting party when it shall see fit to do so, after having changed its attitude.

The Chancellery has made efforts in the sense of inducing the Government of Nicaragua to desist from the denunciation made, because our greatest desire is to assure the extension of the institution alluded to in all its integrity; and we do not doubt that the Government of your excellency regards the case in conformity with the views expressed and will therefore permit us to suggest the advantage of employing your good offices with the Government of Nicaragua in order to arrive as soon as possible at the objective indicated.

But if the Government of our sister Republic should not accede to the request that it desist which is made of it, the Government of Costa Rica believes that in order to preserve the international unity, that is the fruit of the Treaties of Washington, it would be well to proceed by common accord of their signatories to the total or partial revision of these pacts in a new Conference of Plenipotentiaries of Central America which might meet, let us say, the 15th of September, next.

In proposing respectfully to your excellency this project I hasten to tell you that my Government as a pledge of its aspiration for the cordial settlement of the difficulty created, highly honors itself in offering, without more ado, the hospitality of the Republic for the conference mentioned, with the feeling of certainty that once removed the difficulties in the way of a good common understanding that today exist, it will be possible for Central America, at the expiration of the term of the denounced treaty or upon the substitution of one or more of those signed at the same time, to renew a system of international life in accord with its aspirations and interests, within the fraternal spirit which our history and solidarity of interests demand.

I am confident, Mr. Minister, that the delicate negotiation which I permit myself to initiate in the present note will be pleasing to the Government of your excellency and I avail myself [etc.]

CARLOS LARA

[Inclosure 2—Translation]

The Minister of Foreign Affairs of Honduras to the Minister of Foreign Affairs of Costa Rica.

TEGUCIGALPA, July 31, 1917.

Mr. Minister: * * * (Omitted portion merely acknowledges receipt of note from Foreign Minister of Costa Rica, dated July 17, 1917, and repeats to a great extent its contents.)

In answer I have the honor to inform your excellency that my Government takes up with enthusiasm of the liveliest kind the initiative undertaken by the distinguished Government of our sister Republic and that with the greatest satisfaction it will be represented by its plenipotentiary at the conference projected for the total or partial revision of the Treaties subscribed in Washington or to extend by means of a new treaty the convention which established the

Central American Court of Justice, if, as I do not doubt, the other Governments of Central America, impressed with the high and noble end sought by the Government of your excellency, accept the fraternal initiative.

The denunciation of the convention which created the Central American Court of Justice by the Government of Nicaragua is really not what will end it, because with that denunciation or without it, the convention would terminate at the completion of the term of years fixed for its existence, if before then it is not prorogued by means of a new pact between the high contracting parties.

In Article XXVII of the Convention the high contracting parties declared that, for no reason, nor in any case, shall this convention be regarded as annulled; and, consequently, they shall always regard it as in force during the period of ten years counted from the last ratification.

The fixing of this term without the right of prolongation within the terms of the convention itself, as is the practice in treaties of a permanent character, suggests the idea that the Central American plenipotentiaries had in view at the time of subscribing to the Washington Pacts in 1907, that these pacts were in the way of preparation for the fusion of the Central American nations into one single nationality, as was expressly declared in the preamble of the Convention on Future Central American Conferences. And without doubt they thought that to realize this great and longed for ideal of patriotism the period of ten years would be enough.

If this was the thought which inspired our plenipotentiaries in the Conferences of Washington to fix in Article XXVII of the Convention creating the Central American Court of Justice a fixed period for the treaty to endure, then today, when this period of time is about to expire, a meeting of plenipotentiaries of the five Central American States is required, for the purpose of considering whether, as my Government believes, the moment has arrived to agree by pact upon the union to which the several peoples aspire, or, if the contrary is the case, to prorogue the convention which created the court, since, while the General Treaty of Peace and Friendship is in force, the Republics of Central America are obligated to solve by means of that Court, every disagreement or difficulty which may arise between them; and since the spirit which governs the Conventions of Washington taken as a whole, in agreement with the general sentiment, counsels the maintenance of the high Tribunal of Justice in its established form, as long as the union of Central America is not realized.

My Government, most excellent Sir, faithful to the great ideal of the unity of Central America which it has ever loved, avails itself of this happy occasion in which the peoples and Government of the Isthmus confirm in an unequivocal manner their sentiments of confraternity, to propose the ideal as the theme of first importance for the Conference of Plenipotentiaries initiated by the Government of your excellency.

The difficulties of all kinds that surround at the present the weak Republics in which the fatherland of our elders is divided and the certain forecast of future dangers, which in their isolation threaten each of them in the international disequilibrium that will exist in the world whatever be the result of the present formidable war, are other considerable reasons for accomplishing, once for all, by means of union, our historic destiny.

The very Government of Nicaragua, which perhaps has reasons for not accepting the initiative of your excellency by reason of its having been the actor in the denunciation of the treaty which created the Central American Court of Justice and of having maintained its denunciation notwithstanding the efforts made by the Government of Guatemala to bring about its reconsideration, would perhaps find no objection to subscribe with the other Governments of the sister Republics the Treaty of Union, demanded to-day more than ever by Central American patriotism.

My Government, confident of the good will of your excellency's, whose high views are reflected in the note to which I have the honor to refer, proposes to you this project and would like to have your illustrious opinion in order to present it to the other Governments of the sister Republics, who have on all occasions shown the most lively and sincere Central Americanist feeling.

The labors to realize the union of Central America would have sufficient time in which to be carried on in order to arrive at the most solid bases before the celebration, and with the idea of their being concluded before the time of the memorable date upon which is completed the centenary of our political independence, so that this date would find us already united in one single Republic—we, the five fractions of the Central American Isthmus.

Glory, unmeasurable glory, Mr. Minister, will be attained by the present governors of Central America, if, as I do not doubt, they place at the service of this great ideal their patriotic efforts.

If the proposition which is made above, which, with special instructions of the honorable, the President of the Republic, I present to the illustrious consideration of your excellency's Government, is not deemed practicable nevertheless this will not change the good will of my Government which will attend the conference which your excellency has proposed, for the ends expressed in your important note, and for every other high purpose directed to maintain the most perfect harmony and fraternity among Central American States.

I avail myself [etc.]

MARIANO VASQUEZ

File No. 813.00/862

Minister Ewing to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Tegucigalpa, August 27, 1917, 8 a. m.

Costa Rica's and Salvador's telegraphic acceptance Honduras proposed plan to broaden scope of convention to include the consideration of formation of a Central American Union accepted here with marked enthusiasm. Special envoy from Guatemala is here.

Strong probability of alliance between Salvador and Honduras resulting in free trade between these two countries, greatly desired by Salvador.

EWING

File No. 813.00/861

Minister Long to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

San Salvador, August 27, 1917, 5 p. m.

Department's August 22, 5 p. m. When Nicaragua denounced, with intention of terminating Washington Convention which provides for Central American Court of Justice, Salvador opposed her position and advised first with Honduras and Costa Rica regarding Central American conference to discuss renewal of Washington Convention especially one relating to Court and exhorting Nicaragua to reconsider. Costa Rica then assumed the initiative by inviting Honduras and the other Central American States in notes dated July 17, to Central American Conference at San José to be held September 15. Honduras added to her note of acceptance suggestion that reunion of Central America be discussed at conference as the main question. Minister of Foreign Affairs told me yesterday that Salvador favored the conference to discuss Washington Convention and favored principle of a united Central America but had instructed her representatives at Mexico City and Washington to sound Mexican and American Governments to ascertain if they would attend the proposed conference at San José and pending reply advised Costa Rica of action taken stating Salvador was disposed to accept but would first have to hear what position United States would take as she had not recognized present Costa Rica Government.

LONG

File No. 813.00/866

The Salvadorean Minister to the Secretary of State

[Translation]

SALVADOREAN LEGATION,
Washington, August 31, 1917.

MOST EXCELLENT SIR: Under date of the 23d of this month I had the honor to send to your excellency a note conveying to you my Government's wish that the Government of the United States be represented in the Central American Conference which will undertake to propose and study the form and conditions of a continuance of the Central American Court of Justice. I have lately received notice by cable that the said conference will be held on October 12 next and my Government taking into consideration the great moral importance of your Government being represented at that important event wishes to know whether your excellency's Government accepts the invitation above referred to; wherefore, I venture to trouble your excellency with a request that you deign to favor me with a kindly answer.

I reiterate to your excellency [etc.]

R. ZALDIVAR

File No. 813.00/858

The Secretary of State to the Salvadorean Minister

No. 22

DEPARTMENT OF STATE,
Washington, September 5, 1917.

SIR: I have the honor to acknowledge the receipt of your note of August 23, 1917, in which you inform me that your Government, moved by what you refer to as the action of the Government of Nicaragua in denouncing the convention which creates a Central American Court of Justice, has made known to the other Governments of Central America its desire that a Central American Conference be held for the purpose of considering and proposing the form and conditions under which the Central American Court of Justice shall continue at the expiration of the period stated in the Convention of 1907. You further inform me that your Government has given you special instructions to say to me that it would be pleased if the Government of the United States would send representatives to the contemplated conference in the event of its being held.

In reply I have the honor to express my sincere appreciation that the Government of Salvador has seen fit to make this suggestion. It appears, however, from your note that the conference, if held, will be participated in by those persons who are now purporting to exercise governmental authority in Costa Rica. These persons who recently overthrew by force the Constitutional Government of Costa Rica are not recognized by this Government. You will therefore, I am sure, appreciate the motives actuating this Government when I express its very real regret that it cannot, in view of the circumstances above alluded to, act favorably on the suggestion which your Government has done this Government the honor to make.

Accept [etc.]

ROBERT LANSING

File No. 813.00/883a

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, September 6, 1917, 3 p.m.

431. This Government has been asked by Salvador to send representatives to a conference of Central American States to consider renewing Treaty of Washington of 1907.

Discreetly ascertain and telegraph whether Mexican Government has been asked to be represented at conference, and, if so, what Mexico's attitude will be.

LANSING

File No. 813.00/866

The Secretary of State to the Salvadorean Minister

No. 23

DEPARTMENT OF STATE,
Washington, September 8, 1917.

SIR: I have the honor to acknowledge the receipt of your note of August 31, 1917, in further relation to the desire of your Government that this Government may be represented in the Central American Conference concerning the continuance of the Central American Court of Justice.

In reply I have the honor to refer you to the Department's note of the 5th instant, in reply to your note of August 23.

Accept [etc.]

ROBERT LANSING

File No. 813.00/876

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico, September 14, 1917, 11 a. m.

433. Your number 431, September 6, 3 p. m. Mexican Government has been asked to be represented at conference, and at a Cabinet meeting day before yesterday it was decided to accept the invitation.

FLETCHER

File No. 813.00/878

Minister Leavell to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Guatemala, September 22, 1917, 1 p. m.

President Cabrera informed me yesterday afternoon that the proposed congress to arrange for the union of the Central American States under one Government will not be called together at pres-

ent as it is evident that nothing can be accomplished in view of the action of Tinoco in withdrawing Costa Rica from the Pan-American Union and some other happenings.

LEAVELL

File No. 813.00/896

AMERICAN LEGATION,
Guatemala, December 11, 1917, 4 p. m.

In an interview this afternoon President Cabrera said that Costa Rica and Nicaragua cannot participate in the preliminary conference to be held here to arrange program of proposed congress on union of Central American States and the conference will not take place therefore. Evidently he is convinced that the congress will itself not assemble until some more convenient season.

LEAVELL

CHINA

POLITICAL AFFAIRS.¹ OPPOSITION OF MILITARY GOVERNORS OF NORTHERN PROVINCES TOWARDS THE CENTRAL GOVERNMENT. DISSOLUTION OF PARLIAMENT. ATTEMPT TO RESTORE THE MONARCHY. OPPOSITION OF THE SOUTHERN PROVINCES. INCAPACITY OF PRESIDENT LI YUAN HUNG. ASSUMPTION OF THE OFFICE OF ACTING PRESIDENT BY VICE PRESIDENT FENG KUO-CHANG. ATTEMPTED ESTABLISHMENT OF AN OPPOSITION GOVERNMENT AT CANTON. RECONVOCA-TION OF PARLIAMENT

File No. 893.00/2567

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, March 26, 1917, 10 p. m.

The state of affairs is not encouraging. General dissatisfaction prevails partly because of unprecedented official corruption, lack of policy and authority; partly because of great influence of Japanese clique over the Government. There is a probability of renewed revolution by way of either separate movements of various motives [provinces?] and revolutionary leaders entailing dissolution of the state or a united young China movement ousting reactionary Mandarins and monarchists from power and support [ing?] President Li and Parliament. Tang Shao-yi and Sun are planning southern revolution with pro-Japanese, Pan-Asiatic and anti-foreign bias but they fortunately have no influence. All in all there is serious cause to fear trouble unless public action can be given a new direction.

Should the United States declare war it is highly improbable that China will not follow at an early date.² There is a chance that this would improve the situation especially if that action were taken without entanglement and expressly as being similar to that of the United States. The tactical international position of China would then be more independent and the progressive constitutionalist [constitutionalism?] in the Government and country would be strengthened accordingly.

REINSCH

File No. 763.72/4568

AMERICAN LEGATION,
Peking, May 11, 1917, 7 p. m.

There is a probability of very serious trouble. The Prime Minister favors declaration of war but Parliament insists that Cabinet be first reorganized in order to prevent control by reactionary elements. The Prime Minister plans to dissolve Parliament, the President resists.

¹Continued from For. Rel. 1916, p. 51.

²The United States broke off diplomatic relations with Germany February 3, 1917, and on the same day invited the neutral Powers to take similar action. China took this action March 14, 1917.

Yesterday, hired mob assailed halls of Parliament, additional troops are being brought to Peking. Should Parliament be suppressed a revolution is inevitable. I have told the Premier that the use of unconstitutional means would make injurious impression, British Chargé d'Affaires has made similar intimation.

The matter of renewed assurance of Chinese integrity and abstention from seeking territorial and preferential rights has again come up. Suggesting that such a declaration would clear the air and remove suspicion, I discussed the matter with the Japanese and French Ministers and the British Chargé d'Affaires; they and other Ministers are asking for favorable instructions by cable. Such a declaration at this time would favorably affect the domestic situation and might afford a means of reconciling Premier and Parliament.

I hope you will approve this action and have honor to suggest discussion of the situation with other Governments particularly the British, French and Japanese.

REINSCH

File No. 763.72/4568

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, May 14, 1917, 5 p. m.

Your telegram of May 11, 7 p. m. Your action approved. I shall discuss the situation with the British Ambassador.

LANSING

File No. 763.72/4861

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, May 23, 1917, 9 p. m.

My telegram of May 11, 7 p. m. The President and Parliament have held out strongly against the Premier. All but one Minister resigned last week. The military conference adjourned Monday. Today the President issued a mandate relieving the Prime Minister, appointing Wu Ting-fang acting Premier. General Wang, Chief of Staff, has assumed responsibility for the local military and police. All depends on what sort of men the President will select and be able to secure for the Cabinet. After this shall have been settled the decision in favor of war is likely. Meanwhile local disturbances are possible.

REINSCH

File No. 893.00/2579

AMERICAN LEGATION,
Peking, May 30, 1917, 8 p. m.

The Military Governors Honan, Shantung, Manchuria and Governor Nimorre [Ni Ssu-chung?] Anhui have declared their intention to sever relations with Central Government unless Parliament is dissolved; Shansi is expected to follow. Governor Chang Hsun, who

holds the balance of power, will send a delegate to Peking to mediate. It is feared recalcitrant governors are planning resistance movement although they may only aim at displacing President Li. The latter has not decided on a course of action.

REINSCH

File No. 893.00/2582

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, June 1, 1917, 11 p. m.

In connection with retirement of Tuan a number of vernacular newspapers here including the *Hochi* editorially allege the American Legation at Peking has been carrying on secret communications with the Chinese Cabinet. The *Nichi Nichi* publishes rumor that the American Minister furnished the President with 250,000 yuan [Chinese dollars] for use in connection with the opposition against the former Premier. The Chief of the Political Bureau of the Foreign Office here has expressed to newspaper men his belief that the United States was behind the change stating that Japan regretted that attitude. Yesterday morning 5 newspapers published identical telegram from Peking to the editors that the Cabinet is trying through the American Legation to negotiate a loan of 25,000,000 yuan with the representatives of the Morgan Syndicate.

WHEELER

File No. 893.00/2581

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 2, 1917, 6 p. m.

The entire northern military party is now united against the President and threatens coercion. The President has met disaffection in a conciliatory spirit which has only served to give courage to his opponents. Should the military succeed in overthrowing the President, the South will undoubtedly fight and a division of China will result. There is no basis of compromise in sight although a united mediation of the powers might save the situation.

REINSCH

File No. 893.00/2581

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, June 4, 1917, 3 p. m.

Your June 2, 6 p. m. Communicate textually to the Foreign Office the following:

The Government of the United States learns with the most profound regret of the dissension in China, and desires to express the most sincere desire that tranquillity and political coordination may be forthwith reestablished.

The entry of China into war with Germany, or the continuance of the *status quo* of her relations with that Government, are matters of secondary consideration. The principal necessity for China is to resume and continue her political entity and to proceed along the road of national development on which she has made such marked progress.

With the form of Government in China, or the personnel which administers that Government, the United States has an interest only in so far as its friendship impels it to be of service to China. But with the maintenance by China of one central, united and responsible Government the United States is deeply interested, and now expresses the very sincere hope that China in her own interest and in that of the world will immediately set aside her factional political disputes, and that all parties and persons will work for the reestablishment of a coordinate government and the assumption of that place among the Powers of the world to which China is so justly entitled, but the full attainment of which is impossible in the midst of internal strife and discord.

If possible communicate substance of the above through unofficial channel to leaders of military party opposing the President.

The Department is proposing to Britain, France and Japan identic representations to China to restore national unity and maintain internal peace as of first importance to itself and to the world and to relegate the question of relation to the world war to secondary place.

LANSING

File No. 893.00/2581

*The Secretary of State to Ambassador Sharp*³

[Telegram]

DEPARTMENT OF STATE,
Washington, June 4, 1917, 3 p. m.

2313. Communicate textually to the Foreign Office the following:

The Government of the United States has learned with profound regret of serious dissension in China and has the honor to propose to the Government of the French Republic that an identic representation be made by the Governments of the United States, France, Great Britain and Japan to the Chinese Government, expressing regret for the factional discord that has arisen and that the maintenance by China of one central, united and responsible government is of first importance both to China itself and to the world. Furthermore that the Governments of the United States, France, Great Britain and Japan consider the entrance of China into the war against Germany as of quite secondary importance as compared with unity and peace of China and hope that wise counsels will prevail and that harmony be restored which is so essential to China's welfare.

LANSING

File No. 893.00/2582

The Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,
Washington, June 5, 1917, 4 p. m.

Your June 1, 11 p. m. The Department yesterday gave to correspondent of *Nichi Nichi* a statement denying all charges which you quote from that and other papers. You may call the attention of the Foreign Office to the reported statement of the Chief of the Political Bureau and say that as there is no foundation for such a suspi-

³ *Mutatis mutandis* to the American Embassies at London and Tokyo.

cion the American Government regrets that a responsible Japanese official should attempt to create prejudice against the United States.

LANSING

File No. 893.00/2584

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 5, 1917, 8 p. m.

Fearing that revolutionists might detain message the Minister for Foreign Affairs requests that the following be transmitted to the Chinese Minister at Washington:

Ni Ssu-chung and some generals have revolted against the Central Government for selfish aims and are sending troops to surround Peking which threatens to rend and ruin trade. The southern provinces are loyal to the President and Parliament and the commercial and civilian population are enraged at the action of the rebels. Confidentially request Secretary Lansing and President Wilson to make a public statement supporting President.

WU TING-FANG
REINSCH

File No. 893.00/2586

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
London, June 5, 1917, 10 p. m.

6368. Your 4916, June 4, 3 p. m. Lord Robert Cecil must have a conference before can give a formal or final answer which he promises forthwith. His personal views are favorable to a joint representation but he considers China's entry into war although secondary to domestic unity and peace of very great importance. China's entry would deal a hard blow to Germany in trade relations after the war and he regards German fear of complete commercial isolation as one of the strongest kinds of pressure to bring peace.

PAGE

File No. 893.00/2587

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 5, 1917, midnight.

Without any previous intimation of such action, the Minister for Foreign Affairs, Dr. Wu Ting-fang, has requested me to communicate the following appeal to the President:

In view of the present dangerous situation and the attitude of the rebellious Tsuchuns, I earnestly request that President Wilson, as the defender of the cause of democracy and constitutionalism all the world over, be moved to make a public statement on the subject of the American attitude toward China and earnestly supporting President Li Yuan-hung as the constitutional Chief of the State to whom all western nations look for the safety of their interest in China.

The effect of such a public statement coming from America at this juncture would undoubtedly be effective and immediately cause all law-abiding men to rally round President Li Yuan-hung besides at once discomfiting the Tuchuns.

Furthermore, urge the American Government to consult the allied powers at once, particularly England and France over whom America has great influence today, owing to the extent to which they are financially and morally indebted to America, and request them to support the same attitude at once in China. It should be pointed out clearly and unmistakably that it has largely been the false assumption of the rebellious generals that the Allies were backing them that the present crisis which threatens to rend the country and ruin trade for ever [sic]. Rapid action is necessary if the war issue initiated on the invitation of the American Government is not to make in China the same fatal result as in Greece and Roumania.

Parliament is still functioning in the capital of the country despite the menacing attitude of the rebellious generals. The Vice Chancellor [Vice President?] at Nanking does not support generals' action, but situated as he is, he is not in a position to actively oppose the generals at the present moment. All the southern provinces are loyal to the President and to parliament and have strongly denounced the revolt of generals, and there is not a single class or section of the commercial and civilian population throughout country who are voluntarily supporting the generals.

REINSCH

File No. 893.00/2641

Minister Reinsch to the Secretary of State

No. 1525

AMERICAN LEGATION,

Peking, June 5, 1917.

SIR: I have the honor to transmit for the information of the Department a copy of a declaration of the President's policy issued by him on May 31.

There is also enclosed a newspaper account of the conflict between the republican and military parties.⁴ The main points in the situation as it stands at the present time are as follows:

The revolutionary Tuchuns (military governors) are gaining confidence through a more complete organization of their party and on account of the inaction of the President. The seat of their counsels is in Tientsin; the leaders of the military party, of the Chin Pu Tang, of the pro-Japanese party, as well as Liang Shih-yi and his followers, are at present congregated there. They are trying to form a provisional government. As far as personnel is concerned they could probably form a stronger government than any other combination.

The present plan of the militarists is directed toward the object of isolating and strangling Peking. They are in control of the railways leading here. They are preventing the shipment of foodstuffs. They are planning to send troops to be stationed at Fengtai, outside of Peking.

Meanwhile the President and what remains of the constitutional Government are paralyzed, through the lack of military and financial support. As the declaration of the President shows, he has taken a conciliatory and pacific attitude, being firm only when it came to resisting illegal measures. He has relied largely upon the advice of General Wang Shih-chen, Chief of Staff, who is a quiet, just-minded and highly respected man. The President has at no time used tactical advantages through which he might have overthrown the Tuchuns and confounded their counsels. He has quietly relied on the justice

⁴Not printed.

of his cause but has not been supported by an organized group of men. The Government itself is thoroughly disorganized; the Ministries are in charge of inferior officials; there are only two substantive Ministers left, the Minister for Foreign Affairs and the Minister of the Navy.

Should the militarists be successful in entirely overthrowing the President and his Government, no permanent solution will be afforded. The southern provinces are all opposed to the militarist action and would probably create a separate republic. Even in the north the action of this party would offend the senses of the people and would have the support only of the men actively engaged therein. No permanent government can therefore be expected of the reactionary policy represented by the militarist organization. As they are, however, the only existing powerful organization in China, they have to be reckoned with in any settlement to be made.

I have [etc.]

PAUL S. REINSCH

[Inclosure]

DECLARATION BY THE PRESIDENT OF HIS POLICY

[From the *Peking Gazette* of June 1, 1917]

President Li Yuan-hung has made his attitude clear in regard to the present situation in a long telegram, which he sent to the provinces last night. He reviews the past events and repudiates one by one the accusation brought against him and Parliament and then takes the Tutchuns soundly to task. Attention is called particularly to the closing part of the telegram, in which the President announces what he would do if the Tutchuns should insist on provoking hostilities. The following is a full translation of the said telegram:

Extra urgent. To the Vice President, Tutchuns, Governors, Inspector General Chang Hsun, Inspector General Lu Yung-ting, etc., etc., and all newspaper offices. Recently baseless rumors have been diligently spread and unscrupulous people have tried to fan up ill feelings. It is a great surprise to me that high provincial officials could have been misled by such rumors into taking arbitrary steps without considering the correctness or otherwise of the same. Provincial authorities are trustees of the Central Government, with which they are closely and vitally connected for the defence of the country and the protection of the homesteads. There is no reason why they should not plainly give their views if they have any doubts to clear. Yet they have sought to further swell the wave and stir up the already troubled seas by joining in the same cry. Can anyone imagine what the dangerous consequences will be?

Against my wishes I have been thrown into the troublous times at an old age. The reason why I did not refuse to accept the great responsibilities that were thrust on my shoulders was because that after the great disturbances the people were looking for a new lease of life, that the military men were all my bosom friends and that the Premier was my colleague in tribulations. In view of such intimate relationships how could it be possible for there to be any partitions between us? During the last year I have been humbling myself to listen to the advice of others. Even when difference of opinion arose between my office and the Kuo Wu Yuan regarding administrative questions I have never refused to stoop down and accept others' views in order to bring about harmony. I used to say that the straightforwardness of Chih-chuan (Tuan Chi-jui) should prove an excellent counterpart for my sincere appreciation.

Upon the diplomatic rupture suddenly taking place political crises have followed one another. Cabinet Ministers broke up from inside while Parliament pressed from without. The cries for the reorganization of the Cabinet increased in volume but according to my own conscience it should not have been so. On the other hand I vainly looked for methods to maintain the situation or settle the dispute. My fear was that if the tension be allowed to last too long the difficulty would increase in intensity. The arbitrary behaviour of one person finally caused cries to arise from every quarter. If the steps were retraced at a critical

point, confidence and prestige would have been damaged, while if I had departed from the regular track discipline and order would have been cast to the winds. No matter in which direction I should turn I was bound to place Chih-chuan in a difficult position, which would be contrary to my intention of love and sympathy for the ex-Premier. I believed therefore that it would be preferable to remove him temporarily from office in order to enable him to retain and increase his prestige. Since his merits would then remain in the memory of the people it would not be long before we would hear his golden advice once more. Furthermore, it was my duty to see that the old vacated their office and was succeeded by new. It would be better for me to bear the responsibility of slightly offending my friend as it would not be difficult to amend in the future. It is my view that in truthfulness and sincerity your affection for Chih-chuan does not come up to that of mine.

As to the question of counter-signature by Cabinet Ministers, it was merely following precedents. And since Parliament had already lodged an interpellation, the reply of the Cabinet should be waited for. As it was a point of law a solution could certainly be arrived at. It is unfair therefore to insist that it is a violation of law. Again, the dismissal of the Premier vacated also the post of the Minister of War. And since all eyes are turned to the capital, where peace and order must be maintained, it was necessary to have a person, who possessed high prestige and commanded real respect, to act as the head of the troops and to pacify the minds of the people. The establishment of the Office of Precautionary Measures was an emergency step. It would be promptly abolished as soon as the Cabinet could be organised. What suspicion could there be between the Central Government and the provinces so that it has necessitated the latter to send troops to watch the former at a distance? There is really no need for argument in this connection.

Ever since the reassembly of Parliament numerous political banners have been set up. Little has been achieved but a good deal of quarrel has taken place. Recently on account of the excessive restrictions for the making of the Constitution, certain persons have endeavoured to pass measures by utilizing special opportunities. People became exceedingly indignant and considered Parliament to be the source of trouble. The Tuchuns, being unwilling to allow laws to be made for prejudiced purpose, asked to have the same amended. The far sighted views of the veteran statesmen agreed perfectly with that of mine. How could I have differed with you since I was directed by my patriotism? My view was that there were still a good many wise persons in Parliament, and as the discussion of the Constitution was still proceeding, there was hope of attaining our view if we simply endeavoured to exchange views. So long as we could compel the members to reconsider their views even at the eleventh hour there was no need to rob their cow because it treaded a field. It was for this reason that I shelved the petition (of the Tuchuns). I made this clear personally to Tuchuns Tsao Kun and Meng En-yuan. Yet I am insistently accused for partiality to the M. P.s and slighting the provincial officials. When law is tied down how could the administration proceed? Can you imagine that I am so stupid as this?

Rumors whispered at roadsides even go farther than this. They allege that it was my intention to inflict punishment on those who disobeyed my words and to dismiss half of the provincial authorities. In relationship with you I am officially a public servant but privately a member of the same family with you. I am not only bound to you by the duties of the State but also by the tie of brotherhood. What was harmful to you must be harmful to me and what was beneficial to you must also be beneficial to me. In addition to this it must be remembered that you came from a far distance to give me advice. Your words might have been too hot but they were sincere and patriotic. At this time of world war I must rely on you like the Great Wall. How then could I have entertained the idea of cutting you off like severing my limbs for no reasons whatsoever, and on whom should I rely if this were done? You say the mandate was given to the Bureau for publication: then it will not be difficult to ascertain the truth by looking up the registry. If you say the mandate was kept at my office, pray how came it to be known to people outside? The saying is that rumors stop at the door of the wise. I am surprised to know that such high and responsible persons like the Tuchuns could have been misled by a few unscrupulous people.

Dangers lurk in every corner as the diplomatic question is not yet decided. Wide stretches of land lie scorched like a desert between the Huai River and the Yangtse. Famine sufferers are to be seen everywhere while robbers in hid-

ing still lurk here and there. These facts alone are sufficient to tell us what the situation is before us. The reason why the State employs officials is for the benefit of the people. It is impossible for us to do too much even if we worked to our very best ability and perfect harmony. How are we to explain ourselves if we indulge in selfish war against all sense of order and discipline? How can we depend on our military force as support and use baseless rumors as war cry? The members of Parliament are accused of being desirous of dividing the country into federal states, yet you are literally occupying each a province for the purpose of defying the Government. You accuse the cabinet of violating law, yet, with the assistance of a military force, you endeavour to disobey the orders of the Government. The only goal such acts can lead to is partition of the country like the five Chi and making the country a protectorate like Korea. In which case both restoration of the monarchy and the establishment of the Republic will be an idle dream. You may not care for the black records that will be written against you in history but you ought certainly to realize your own fate. The uprising at Kiangsi and Nanking were for the purpose of uniting China. The revolution started in Yunnan was for the protection of the Republic.

Now if your declaration for independence is to uphold the constitution then I must remind you that the said law is yet in the stage of the second reading. If your declaration is against the Chief Executive then you must confess that I have committed no acts of treason.

If on the other hand the declaration of war by the several commanders of troops has been made for the reason that a single person has been removed from office, then the war is without a just cause and the honour of the person who has vacated office will surely be blackened. It is not only a crime against the public but also returning good with evil. What is there in it that you are so willing to harm yourselves as well as others? Is it possible to believe that you are so unwise?

I am an old man. Like the bean stalk under the leaf I have always been watching for any possibility of not seeing and understanding aright. Yea, I walk day and night as if treading on thin ice. I welcome all for giving me advice and even admonition. If it will benefit the country I am ready to apologize.

But if it be your aim to shake the foundations of the country and provoke internal war, I declare that I am not afraid to die for the country. I have passed through the fire of trial and have exhausted my strength and energy from the beginning to the end for the Republic. I have nothing to be ashamed of. I will under no circumstance watch my country sink into perdition, still less to subject myself to become a slave to another race.

Of such acts I wash my hands in front of all the elders of the country. These are sincere words from my true heart and will be carried out into deeds.

LI YUAN-HUNG

File No. 893.00/2588

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Peking, June 6, 1917, 6 p. m.

Commenting on the message of the Minister for Foreign Affairs communicated in my cipher telegram June 5, 12 p. m., I beg to say that movement of the military governors against the President has gained some strength by reason of the accession of certain more responsible and constructive politicians, such as Liang Shih-yi, yet the Provisional Government set up by them at Tientsin appears incapable of establishing itself, because its reactionary tendency is distrusted by the people in general, but particularly in the south, and because opposition to the existing parliamentary régime is the sole element of coherence among its factions. Moreover, the movement appears to be controlled by the extreme reactionaries like Ni Ssn-chung while the wiser leaders like Tuan are less active. Its success

in overthrowing the President and ousting Parliament could hardly fail to result in the secession of the southern provinces and a scramble of personal ambitions for the control of the remainder of the country.

While it is a fact that the most mature motives of self-interest have led to the defection of the military governors, it is nevertheless unfortunately true that cleavage between them and the constituted authorities of the Central Government found its occasion in the question of entering the war against Germany and that the reactionaries have had to force the issue ostensibly on that point and have so far succeeded as to have created the general belief that their movement has the tacit approval of the Powers at war with Germany. The issue thus ostensibly presented is in fact fictitious inasmuch as parliamentary party is actually no less sympathetic with the cause, having indeed taken the initiative in associating China with the action of the United States in severing relations with Germany: but it has been reluctant to give a free hand to the military party in the adoption of that policy not only because it distrusted the political use to be made of the situation but still more because it had reason to suspect that the reactionaries had planned to commit this country to participation in the war upon terms that would make China dependent on Japan.

The result of these intrigues has been that the reactionary rebels are making capital of their fictitious identification with the cause of the Allies and that the constituted authorities who are in fact more in sympathy with our aims are on the defensive against us and fearful that in the desire to get China on our side and to stifle German trade, the Allies will sacrifice unity of the country and whatever progress it may have made towards constitutional government. Quite apart from any Chinese domestic question, and with a view merely to the possibility of usefulness of this country to the Allied cause, I venture to state conviction that it will be impossible to count even upon the moral support of China as a nation unless the Allies dissociate China's interests from those of the military clique and make it evident that participation in the war in their behalf is not to be used as a pawn in Chinese domestic politics.

From conversation with British Chargé d'Affaires I infer that this Government while not itself free to take advantage of, regards apprehensively the [apparent omission]. Allied interests have been perverted by domestic intrigues here and would be glad if our Government would take the initiative in dissociating such interests from the reactionary program. Although the French Minister has heretofore been blindly zealous to involve China in the war at all costs, a recent change in his attitude suggests that his Government is aware of the danger of forcing this country into the conflict at the cost of anarchy. The only nation to profit by disintegration of China would be Japan, which would scarcely oppose the action suggested if agreeable [agreed to?] by Great Britain and France as being not an interference in Chinese politics but an effort to dissociate Allied interests from their unreal admixture with such questions.

The above comment which had already been drafted is sent for your fuller information despite the receipt of your telegram of June 4, 3 p. m., providing for action adequate to the crisis.

REINSCH

File No. 893.00/2650

Consul General Heintzleman to the Secretary of State

No. 64

AMERICAN CONSULATE GENERAL,
Canton, June 6, 1917.

SIR: I have the honor to enclose herewith, for the information of the Department, copy of my despatch No. 23, of today's date, to the Legation.

I have [etc.]

P. S. HEINTZLEMAN

[Inclosure]*Consul General Heintzleman to Minister Reinsch*

No. 23

AMERICAN CONSULATE GENERAL,
Canton, June 6, 1917.

SIR: I have the honor to state that during the agitation in Peking and elsewhere throughout the country over the question regarding a declaration of war against Germany the influential commercial guilds and the press generally in Canton opposed the Government's policy of entering the war, while several of the minor political parties only were inclined in favor of war. The officials as a rule appear to be indifferent in the matter.

None of the southern provinces, which, it will be recalled, were leaders in the revolutions of 1911, of 1913 and of 1916, have declared their independence from the Central Government. The natives generally throughout this province view the movement in the north against the Central Government with strong disfavor; indeed, it may safely be stated that the people and the provincial assembly, the party leaders and former revolutionists are so completely on the side of the President and Parliament as to give the provincial authorities no cause for apprehension as to the local situation. The local press, too, regardless of party, is supporting the President and the Parliament. I am assured on every hand that no disturbance is to be feared in South China, so far at least as the lending of military assistance to the Tuchuns in the north would be conducive of such a result.

The attitude of this province in the present crisis is indicated by recent telegrams which the provincial assembly has despatched to the President and to the provincial governors. The telegram to the President denounced the conduct of the rebellious Tuchuns as lawless and urged him to uphold the national dignity and safeguard the rights of the citizens by punishing those who disobeyed his orders. The circular telegram to the provincial governors called upon them to act in accordance with the constitution and obey the Central Government. It recalled the fact that most of them took an active part in the second revolution for the re-establishment of the Republic, and pointed out that their manifest duty was to subordinate personal or party feeling to the general interests of the nation, which required that they should uphold the law and support the Central Government.

As showing how completely the governing body of the province supports the Central Government, it may be noted that both the military and civil governors have telegraphed the Vice President invoking his assistance in the immediate suppression of the seceding provinces. General Lu Yung-ting, Inspector General of the Two Kwangs, has also telegraphed the Vice President, as well as General Chang Hsun, asking that they attempt to persuade the seceding provinces to refrain from military action and wait for a peaceful settlement. This action on the part of Civil Governor Chu Ching-lan is all the more remarkable as he is a northern militarist and a henchman of the retired Premier, Tuan Chi-jui.

I gather from conversations with leading Cantonese that they are fearful lest the President and Parliament, in their eagerness for peace, will yield to the demands of the northern Tuchuns and thus sacrifice the principles underlying the Republic. General Chen Ping-kun, the newly appointed acting Tuchun of Kwangtung, in conversation yesterday during an official call, told me he hoped that the southern provinces would be able to arrange peace by serving as an intermediary between the Central Government and the seceding provinces. He stated that the south would insist in preserving the republican form of Government, and that centralization was necessary to any adequate reform.

In approaching the rival factions with the object of having them compose their differences, an important element, apart from the tendency of the Chinese mind for compromise, is the ever present fear of foreign interference. The high provincial authorities here believe that all parties will be finally brought to see that, should their activities lead to the establishment of two separate governments, the ensuing turbulence would easily be provocative of foreign interference, with all that is comported with such a condition; and that China's best hope in preserving her integrity lay in presenting a united front.

Whether peace and order will be eventually restored through the agency of the high officials of the southern provinces, as they fondly hope, is difficult to foretell. It is significant, however, that in the meanwhile the leaders among the former revolutionists and republicans of South China are in communication concerning means for opposing the military party in the north, and supporting the President and Parliament. Generals Chen Chiang-ming and Hu Han-ming, former governors general of this province, as well as former Viceroy Tsen Chun-hsuan and Li Lieh-chun, radical southern leaders with large followings in Canton, are expected to meet here soon to discuss the situation and consider means of lending, if necessary, armed assistance to the so-called liberal constitutional elements in the Central Government. These men, though absent, exert a dominating influence over this province.

In the present crisis, as was invariably the case in those of the past, the leading difficulty lies in the historical opposition between North and South. The successes of the three recent revolutions had been as much a victory of the latter as the triumph of another form of government. The higher ability and wealth of the southern maritime provinces had long chafed under the predominance of the less intelligent North. The situation was reversed and Canton triumphed over Peking. The hostility between this sectionalism presents an element of danger by offering the possibility of a divided China. The country is still so invertebrate, the means of communication as yet so scantily developed, the degree of civilization so diverse, that this peril is perhaps the most serious of all. The real question concerns less the title of the Government, its personnel, and the nature of the constitution than the ability of China in the presence of these disruptive forces to evolve without anarchy and disorder from its primitive condition toward that of a modern state.

I have [etc.]

P. S. HEINTZLEMAN

File No. 893.00/2586

The Secretary of State to Ambassador Page

[Telegram]

DEPARTMENT OF STATE,
Washington, June 7, 1917, 5 p. m.

4946. Your 6368, June 5, 10 p. m. This Government appreciates importance of China's entrance into the war, but China torn by civil strife would be unable to render assistance of any sort. The present revolt seems to threaten the overthrow of the Republic. To make entrance into the war an excuse for overturning the Republic would be most regrettable and inconsistent with pleas for democracy. It seems urgently necessary to do all possible to reconcile factions.

LANSING

File No. 893.00/2581

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, June 8, 1917, 5 p. m.

The Chinese Minister here calls attention to the possibility of misunderstanding a sentence in my June 4, 3 p. m., beginning with the words "with the form of government."

If attention should be drawn to it or attempt be made to use it unfairly you are authorized in your discretion to say in substance that the Department did not have in mind the difference between a republic and a monarchy but referred to the present strife in China over the organization and relation of various branches of government. The American Government is not indifferent to the maintenance of republican government in China. On the contrary it hopes for its uninterrupted continuance.

LANSING

File No. 893.00/2599

Charge' Wheeler to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Tokyo, June 8, 1917, 10 p. m.

Your telegram of June 4, 3 p. m. Some data as to identic representation is before the Cabinet. Today the Vice-Minister for Foreign Affairs told me confidential information from Peking indicated that the situation there was not alarming and that the rebellious Tuchuns did not seriously contemplate any military movement. He stated that it is the belief of the Foreign Office here that the matter will be removed [settled?] by compulsory arbitration within a week. Today *Asahi* published a telegram from Peking stating that on the fifth the American Minister, acting on instruction from Washington, communicated with the Chinese Government in the sense of the proposed identic representation. The Vice Minister of Foreign Affairs expressed surprise that this, if the report were true, had been done before the Japanese Government replied to our proposal.

WHEELER

File No. 893.00/2600

AMERICAN EMBASSY,
Tokyo, June 9, 1917, noon.

My telegram June 8, 10 p. m. The Press today shows general irritation at the communication made by Reinsch to China which is viewed as interference in the latter's internal politics and a further indication of objectionable activity of the Legation at Peking. The Foreign Office assumed that our proposal contemplated joint as well as identic representation.

WHEELER

File No. 893.00/2581

*The Secretary of State to Ambassador Sharp*⁵

[Telegram]

DEPARTMENT OF STATE,
Washington, June 9, 1917, 6 p. m.

2238. My June 4, 3 p. m. The Department earnestly hopes for cooperation of French Government as proposed. This it is believed here will hasten removal of dissension and make possible united Chinese cooperation with powers opposing Germany.

⁵*Mutatis mutandis* to the American Embassy at London.

The American Government is informed that the military party in revolt claims sympathy of the Allies. This is unfortunate since it will likely deprive us of sympathy of Chinese people. It is important in the view of this Government to disassociate our action from all instigation of revolt against recognized government. In fact the rupture of relations with Germany was first urged by the parliamentary party now identified with the recognized government.

This party still desires to be associated with the aims of the Allies but insists upon a Cabinet in sympathy with parliamentary majority as necessary to prevent use of situation to weaken or overthrow popular government. If the revolt succeeds in overthrowing the present government civil war, I fear, is sure to result. In such an event the allied cause would gain nothing.

Identic representations by the United States, France, Great Britain and Japan, urging the need of an amicable adjustment of difficulties would undoubtedly tend to bring about such adjustment and reunite all factions in support of the Allies.

Please urge a favorable response.

LANSING

File No. 893.00/2599

The Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,
Washington, June 9, 1917, 6 p. m.

Your June 8, 10 p. m. The action of the American Minister at Peking on June 5 was in accordance with instructions sent in response to Minister's report upon situation and merely expressed regret that dissension had arisen and hope that wiser counsels would prevail. It stated that in the opinion of this Government the question of entrance into the world war was subordinate to that of internal peace. But this action, taken before the proposal was made for identic notes by the interested Powers, is not considered here as anticipating or preventing such cooperation.

LANSING

File No. 893.00/2601

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, June 9, 1917, 11 p. m.

The general situation is not unfavorable to compromise as there is discord among the rebel generals and the wiser heads discountenancing violent measures; the communication of the American Government adds to the conciliatory influences. The war question has retired into the background giving way to the purely factional and personal rivalries which from the beginning animated the revolutionists. At present stage is occupied by General Chang Hsun. Upon the invitation of the President who was led to expect assistance from him he has come as far as Tientsin, 2,000 of his troops preceding him

to Peking. Assuming role of arbiter in the last resort he is demanding immediate dissolution of Parliament. The President evidently shaken by his disappointment is weakening although he would appear to have a chance of uniting northern generals against Chang who is universally feared and hated. The latter proposes to come to Peking to-morrow.

Presence of his notorious troops here is not reassuring and the question arises whether the diplomatic corps should call on the Chinese Government to prohibit bringing up more of these troops. Understand their presence is unnecessary and threatens disturbances.

REINSCH

File No. 893.00/2602

AMERICAN LEGATION,
Peking, June 11, 1917, 2 p. m.

In conversation Japanese Minister inferentially gave me an insight into Japanese policy in its completeness at present juncture. Although only two months ago the Japanese objected to stationing government troops along railway he now states it would be undesirable to make any objection to presence of bandit troops of Chang Hsun and similar contingents of the Manchurian Viceroy who has two thousand troops at Lanchow on Japanese-protected section.

Japanese Minister said that the last hope for peace lies in Chang Hsun's mediation, whereas it is well known that the success of Chang Hsun would cause a new revolution in the South.

Japanese Minister stated that it is desirable to get rid of Parliament as it is impossible to do business while that body is obstructing.

It is therefore apparent that after the Northern revolutionary element has been successful Japan will advance a loan and expects to receive privileges desired without check from Parliament.

The countenance given by the note of the American Government to the existing Government and institutions is represented by the Japanese press as an intervention. The action of this Legation has been to treat the Government to which I am accredited as rightful authority but nothing has been done to interfere or to court enmity of substantial men in the opposition. Your note was unofficially communicated to and well received by them.

REINSCH

File No. 893.00/2604

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, June 11, 1917, 11 p. m.

Your telegram of June 9, 6 p. m. received last night. This morning I communicated its contents to the Vice Minister for Foreign Affairs who said it made clear that his Government had misunderstood the intention of the Government of the United States in the matter. He stated he regretted that Japan had not been informed when the proposal was made, that virtually the same communication had already been handed formally to China. The Foreign Office view is that, while the United States may not have intended by the communication to take one side as against the other, the action in effect did so and was

used by certain political elements in Peking to strengthen the position of the President. The Cabinet will discuss the matter tomorrow. I beg to suggest that if the proposal for identic representation is accepted by Great Britain and France the fact be cabled me for the information of the Foreign Office.

Today *Asahi* publishes a telegram from its New York correspondent giving the alleged text of the note to China which it states was made public by the Department June 8. Gist of the note is as follows:

China is the center of power in the Far East and should the quarrels of its several parties lead to revolutionary disturbances Japan will be obliged to despatch troops to China to protect her interests. It is feared that a separate peace may be concluded between Russia and Germany. Sooner or later Japan will be obliged to send troops to Manchuria on behalf of her Allies. Peace is necessary in the Far East in order to check Russia's separate peace movement. Japan maintains a large army at home and does not dare to move because she desires to prepare for any eventuality in the Far East. If she takes advantage of disturbances in China and sends a large army to Manchuria it may cause misunderstandings with Entente Powers, therefore maintenance of peace is a most urgent necessity. The United States is so deeply concerned for the reason that she wishes to allow Japan to reserve her freedom to mobilize at any time.

I have pointed out to the Foreign Office the incredibility of this alleged text but beg to suggest that I be authorized to give out complete denials.

WHEELER

File No. 893.00/2604

The Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,

Washington, June 12, 1917, 6 p. m.

Your June 11, 11 p. m. The American note to China does not contain a single sentence or phrase of the alleged American note published by the *Asahi*. The latter is *in toto* a false representation, and possibly an intentional one. You are authorized to make denials and bring the matter to the attention of the Foreign Office saying that this Government greatly regrets the publication of so misleading a statement.

Minister Reinsch reports American note favorably received by both parties in China. The effect was good.

LANSING

File No. 893.00/2610

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,

Tokyo, June 12, 1917, 6 p. m.

Asahi to-day editorially discusses the alleged text of American note to China which it published yesterday. Other newspapers do not accept the report and their comment today is less unfriendly, criticism being directed rather against the method than the good faith of

United States. There is substantial agreement that the latter's action since it ignored Japan's position as regards China is of grave concern to the Japanese Government and should not be passed over.

There are indications that pressure is being brought to bear upon the Foreign Office to utilize the incident to press the United States for an assurance which will virtually admit Japan's special and paramount position relative China.

WHEELER

File No. 893.00/2607

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 12, 1917, 8 p. m.

Japanese newspapers here and local representatives of Japanese press are diligently circulating reports to the effect that this Legation has been actively interfering in the controversy between the President and the military governors. Both by printed reports and by interviews the agents of this apparently inspired propaganda are seeking to create belief in absurd stories of our activities such as that I intrigued with the President and even paid over large amounts of money to bring about the dismissal of Tuan as Prime Minister; that I have been instrumental in arranging large secret loans to assist followers; that I acted independently and without authorization of the Department in making to the Chinese Government the communication which was in fact your telegram of June 4, 3 p. m.

It would seem that the purposes of this propaganda are to impair American influence with the Chinese and to arouse in the minds of the representatives of other Allied Governments here such distrust as would prevent the possibility of complete cooperation with us in matters of joint concern.

I beg to submit for your consideration that if such a propaganda is being carried on in Japan it might be found feasible and advisable to take steps to elicit corrections of at least the most palpable misrepresentations.

REINSCH

File No. 893.00/2607

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, June 13, 1917, 6 p. m.

Your June 12, 8 p. m. The Department on June 5, 9 and 12, telegraphed the Embassy at Tokyo making denials and corrections of certain false statements appearing in Japanese newspapers similar to those which you mention. Department assumes that you have taken steps to nullify effects of false statements circulated in Peking.

LANSING

File No. 893.00/2611

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 13, 1917, 9 p. m.

The President has been prevailed upon to sign mandate dissolving Parliament which was today countersigned by newly appointed acting Premier, the General of Peking Gendarmerie. Although the mandate mentions an early election of new Parliament, it is probably not satisfactory to the South.

REINSCH

File No. 893.00/2608

Chargé Wheeler to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Tokyo, June 13, 1917.

Complete text of the note to China was for the first time published here today, copied from Shanghai newspapers. Comment shows decided betterment in feeling and I am confidentially informed that Foreign Office is making strong efforts to this end. The Vice Minister for Foreign Office told me this morning that the published reports to the effect that Japan was framing a "protest" were without foundation and that whatever communication was made on the subject would be of the most friendly tone.

WHEELER

File No. 893.00/2613

AMERICAN EMBASSY,
Tokyo, June 14, 1917, 1 p. m.

Your cipher telegram of June 12, 6 p. m. received last night. All papers today publish complete denial officially given out by Foreign Office of *Asahi* text. I learn that papers have been cautioned to refrain from further adverse comment on the American note.

WHEELER

File No. 893.00/2675

Minister Reinsch to the Secretary of State

No. 1533

AMERICAN LEGATION,
Peking, June 14, 1917.

SIR: In continuation of my despatch No. 1496, of May 12,⁴ I have the honor to report on the further development of the political situation in China. On May 14 I had occasion to converse both with the President and General Tuan Chi-jui, the Premier. From the remarks which they made to me, I could gather that the contrast between them was practically insurmountable. The President took the ground that the Premier had lost the confidence of Parliament and could not possibly be trusted by them further. The bringing of the military governors to Peking particularly had destroyed the con-

⁴Not printed.

fidence of Parliament. On the other hand, the President expressed his firm belief to the effect that the military governors did not unconditionally support General Tuan. The Premier, in conversation, protested his desire to work with the President and Parliament. He claimed, however, that the attitude of Parliament had become so unreasonable that cooperation was well-nigh impossible. In the course of the conversation he stated that "he conceived it necessary for the Government to assume an attitude of friendliness toward the Japanese but that it was his purpose not to yield any essential rights." He then asked "what do you suppose would happen if the radical Kuo Min-tang would come into power?" and assured me that he had positive proof that Sun Yat-sen and General Tsen Ch'un-hsuan had both given written assurances to the Japanese Consul General at Shanghai that should either of them come into power they would conclude with Japan an agreement giving to the Japanese the equivalent of the arrangements contemplated in the famous Group V demands of 1915. I believe that General Tuan is sincere and that, while the pro-Japanese clique under Ts'ao Ju-lin has been cooperating with him, he has not committed himself to Japanese control.

The deadlock between Parliament and the Premier continued for another week. On Monday, the 21st of May, the President seems to have made up his mind to take a strong position toward General Tuan and the military governors. He expressed to some of the leaders who were calling on him quite decidedly the opinion that General Tuan should yield. Evidently the military governors were at this time somewhat frightened and confused. Several among them, particularly General Ni Ssu-ch'ung, were extremely unpopular on account of the extortions which they had practiced and it would be easy for a strong hand to topple them over. The majority of the Tüchuns left Peking hurriedly on Monday night, taking their course to Hsüchowfu where they intended to consult with General Chang Hsün. It was believed in Peking that this was rather a pretext to save their face and to serve as an excuse toward General Tuan, so that he might allow them to go freely.

On May 22 the President invited me to lunch, together with Doctor W. W. Willoughby, the American Constitutional Advisor. It was plain from his remarks that he had made up his mind to dismiss General Tuan. He asked Professor Willoughby some questions as to the legal form of the dismissal. On the same day Mr. Tsa'o Ju-lin called on me. He stated that the Tüchuns had sent him to express their regret at not having been able to make farewell calls, due to their sudden decision to leave Peking. He asked me whether I had any opinion to express with respect to the attitude of the Tüchuns. I told him that I did not. Immediately afterwards, the French Minister called on me and related that Tsa'o Ju-lin had visited him on the same mission as above. Mr. Tsa'o had, however, asked the French Minister whether any support could be given the Tüchuns by the French Legation. Mr. Conty stated to me that he had answered in the negative.

The mandate dismissing General Tuan was issued on May 23; it was countersigned by Doctor Wu Ting-fang, probably in his capacity as a member of the Cabinet. At the same time Doctor Wu was appointed as Acting Premier. The nomination of Mr. Li Ching-hsi as Premier was sent to Parliament for approval shortly afterwards

and was immediately approved. The President placed great faith in Mr. Li, who is an official of long experience, belonging to the old school, a nephew of Li Hung-chang. As Mr. Li had before delayed to take up his active duties as Minister of Finance, to which office he had been appointed on May 2, so he now declined to take up the duties of the head of the Cabinet.

I saw General Tuan on the morning of May 23 upon a matter of business. He seemed quite unconcerned and talked on the matter involved in great detail without ever referring to the political situation. In the afternoon his representative, General Ching, came to see me evidently quite disturbed. I gave him a message of personal friendship for General Tuan. The latter left Peking for Tientsin the same night.

It was the general belief in Peking that General Li now had an opportunity of reconstructing the government with strong popular support. The Parliamentary party were eager to take action against the most corrupt and unpopular of the military governors. The President appeared to count on several factors: he believed that General Tuan was isolated, that the Tüchuns were divided and would not take common action, that the majority of them would support the President, that he could particularly rely on the Military Governor of Chihli Province, that he could also rely on the friendly support of General Chang Hsün and that either Li Ching-hsi or General Wang Shih-chen, the Chief of the General Staff, would accept the Premiership. Parliament was in a mood to accept a strong Cabinet regardless of party affiliations.

On May 26 General Ni Ssu-ch'ung, who was the most active among the military party, declared that the dismissal of General Tuan had been illegal, that his province (Anhwei) disapproved and would act independently of the Central Government. This was the crucial point in the development of the situation. I have been informed by men who were present at Hsuehowfu at this time that General Ni was in a desperate mood, knowing that action would be taken against him. The remaining military governors assumed an expectant attitude to see what would happen. It is stated that the Japanese present at Hsuehowfu encouraged General Ni to go ahead.

It is believed by the most expert observers that had the President immediately dismissed Ni and ordered his punishment, had appointed a junior commander in his place or, preferably, given the civil governorship of Anhwei concurrently to General Chang Hsun, the rest of the military party would have fallen away from Ni and the President should have been able to deal with them individually. Instead of taking this action, however, the President was persuaded to send a conciliatory letter to General Ni. The result of this was to establish the leadership of General Ni over the military party and to encourage the majority of the military governors to declare their independence. A so-called provisional government was set up at Tientsin with General Lei Chen-ch'un as its head. With respect to the inwardness of this government I have received the following confidential information. The older and wiser men of the military party, men like General Tuan Chi-jui and Mr. Hsü Shih-ch'ang, held themselves entirely aloof from it. General Ni Ssu-ch'ung was the leading spirit. By dint of force the so-called government helped itself to the

deposits of the Chinese Government in the Tientsin branch of the Bank of China. A total of \$900,000 was absorbed in this way. The offices of the government were deserted, although a long list of employees was drawn up. All political work was done by negotiations at the homes of the generals. The men greatly in evidence were the members of the pro-Japanese clique, Mr. Tao Ju-lin and his henchman Major General Hsü Shu-cheng, and General Tuan Chih-kuei. General Aoki, the Japanese Military Advisor to the Government, was also on the ground.

In Peking, meanwhile, a creeping paralysis seemed to affect the Government. The President relied on General Wang Shih-chen, the Chief of the General Staff, for control in and around Peking and for advice on the situation. General Wang is undoubtedly an honest, dutiful man, but his sympathies were with the military party and he counselled conciliation at every step. The acting Minister of Communications, at present thoroughly under Japanese control, issued orders to the railways to the effect that all orders of the military governors for transportation, etc., should be implicitly obeyed and that there should be no question of divided authority. The President himself showed his inherent inability to take decisive action, although he continued to protest that he preferred death to committing an illegal act.

Incidentally I may state at this point that when at this time and later the question of the movements of revolutionary troops, and the stationing thereof at Tientsin and along the railway came up, the Japanese Minister persistently took the position that it would be highly undesirable at this time to make any objection on the ground of conflict with the protection of the railway by foreign troops. This attitude was taken notwithstanding that within two months before the Japanese Legation had strongly objected to the stationing of a few government troops along the said railway.

About this time the President, presumably on the advice of Mr. Li Ching-hsi, issued a mandate inviting General Chang Hsün to come to Peking as arbitrator. It must be confessed that it is difficult to understand the reason for such action. But it is plain that the President had been made to believe that Chang Hsün would in some way give him support in the constitutional issue. This in the face of the fact that Chang knows nothing of and cares absolutely nothing for a constitution, and considers Parliament an unmitigated nuisance, a crowd of useless meddlers and busy-bodies; also that he is a notorious monarchist favoring the restoration of the Ching dynasty; not to speak of his character as a bandit chief. For some reason, however, the President believed that Chang could be used to keep the Tuchuns in check. This is probably true but with a reservation that General Chang would not be acting for any policy or principle of the President but for his own ends. General Chang Hsün arrived in Tientsin on June 7. To an American who saw him he expressed himself in the most confident spirit. He stated "everything is settled. I have told the President to dissolve Parliament and I shall be in Peking in a few days to settle the rest. Some of my troops have reached the gate of Peking. I have a message from them that they have the situation well in hand." His breezy and confident manner indicated that he believed himself not only the arbiter but the ruler of the destinies of China. There are undoubtedly in the character

of this man rare qualities of leadership, but there is nothing of any understanding of modern government. He is, however, a nationalist and though the Japanese have tried their best to get a hold over him and have helped him to make many profitable investments he seems to have preserved his independence.

On June 11 President Li gave way to what he considered the inevitable and signed his mandate dismissing Parliament. The text of the mandate and of President Li's telegram are herewith enclosed. Doctor Wu Ting-fang, the Acting Premier, declined to sign this mandate, stating that as the Premier-designate, Mr. Li Ching-hsi, had advised its issue, it was fitting that he should come to Peking and assume office and responsibility. He, Doctor Wu, not being in favor of the act, saw no reason for signing the mandate. At 2 a. m. on the morning of June 13 Doctor Wu was roused from his bed and asked to sign a mandate designating General Chiang Ch'ao-tsung, the commander of the Peking gendarmerie, as Acting Premier and accepting Doctor Wu's resignation from that charge. Immediately after, in the same night, General Chiang signed the mandate. It had been represented to the President that should the mandate not be issued, it would be impossible to prevent violent acts in Peking.

Five of the southern provinces have already telegraphed their protest against the action taken through this mandate. Most of the members of Parliament have left Peking. C. T. Wang and the Speaker of the House escaped last night.

In a conversation with the Japanese Minister on June 11, reported in my telegram of June 11, 2 p. m., he stated "General Chang's mediation is the last hope of peace. It is desirable that Parliament should be gotten rid of because it is obstructive and renders the doing of business well-nigh impossible." Throughout the present affair there were indications of a Japanese policy to make friends with all the outs to incite their hopes and to endeavor to get from them commitments which would bind them to favorable action should they come into power.

Concerning the presentation, under your instructions of June 4, 3 p. m., of the note of the American Government to the Chinese Foreign Office, and concerning the reception and effect of this note, I shall have the honor to make a separate report.

There are enclosed herewith, the following: The official record of Mr. Li Ching-hsi, designated Minister of Finance and Prime Minister,⁴ and cuttings from the *Peking Gazette* containing the text of mandates and telegrams, as well as newspaper discussion.

I have [etc.]

PAUL S. REINSCH

[Inclosure]

The following is a full translation of the three mandates issued early yesterday morning in connection with the dissolution of Parliament.

[From the *Peking Gazette*, June 14, 1917]

JUNE 12.

Wu Ting-fang, Acting Premier and Minister of Foreign Affairs, has tendered his resignation. Wu Ting-fang is hereby relieved of his concurrent duties as acting Premier.

⁴Not printed.

Pending the arrival of Premier Li Ching-hsi, Chiang Chao-chung is hereby appointed to act temporarily in his stead.

In a mandate issued in June last year I, the President, expressed the view that the completion of the Constitution depended alone on the convocation of Parliament, and that in view of the fact that the Constitution had not been fixed and the great foundation of the land had not been laid although five years had elapsed since the establishment of the Republic, it was urgently necessary to convene the Parliament with a view that the Constitution might speedily be fixed. The principal aim of this session of Parliament is therefore the making of the Constitution. Some time ago, Meng En-yuan, Tu Chun of Kirin, and others stated in petitions,

"Among the several Articles of the draft Constitution already passed by the Conference on Constitution and its Committee meetings was one to the effect that in case a vote of lack of confidence being passed against the Cabinet Ministers by the House of Representatives the President may either dismiss the Cabinet Ministers or dissolve the House of Representatives but in case of the dissolution of the House of Representatives the approval of the Senate must previously be secured; another article says that for appointing or dismissing the Premier the mandates concerned shall not necessarily be countersigned by Cabinet Ministers; and yet another article says that resolutions passed by the two Houses shall have the same force as law. We are greatly shocked by these provisions.

"The practice in foreign countries shows that the making of the Constitution should not be placed in the hands of Parliament. Therefore, if China desires to have an excellent Constitution, remedy should be applied to the root or there could be no good result. Compared with ordinary affairs Parliament is of course more important but compared with the State, the State is more important. Since the present Parliament cares not for the interests of the State, we are compelled to pray that the President should weigh the importance and make his decision for the immediate dissolution of the Senate and the House of Representatives so that new ones may be formed to enable the making of the Constitution to be conducted on a new line at the earliest date. For by so doing can the Republican form of government be permanently preserved etc."

Recently a flood of telegrams and letters have been received from military, political, commercial and educational circles, and they are unanimous in voicing the same view. Nearly a year has passed by since the organization of the Conference on Constitution by the Senate and the House of Representatives yet the Constitution is not yet completed. The present situation is critical and every thing hangs by a hair. Yet members of the two Houses have resigned one after another, thus making it impossible to secure a quorum for the purpose of amending the articles referred to the Committee of the Conference on Constitution. It is apparent therefore that it will be impossible to satisfy the people of the land, who are eager to see the Constitution completed at an early date, unless a new plan be drawn up for the purpose. Stooping to comply with the demand of public opinion and in consideration of the foundation of the country, I, the President hereby approve the petition of the said Tuchuns and hereby order the Senate and the House of Representatives to be dissolved at once, and that a new election be held as soon as possible for the maintenance of constitutional government. The proper aim of this reorganization of Parliament is merely a means to realize our original decision to promulgate the constitution at an early date and not a measure to dispense with the legislating organ of the Republic. Let all of our people understand this point.

CHIANG CHAO-CHUNG,
Premier

File No. 893.00/2639

Chargé Wheeler to the Secretary of State

No. 773

AMERICAN EMBASSY,
Tokyo, June 14, 1917.

SIR: Yesterday I had the honor to telegraph you that the newspapers had been cautioned against further adverse comment on the American note handed to China June 5. I am of the belief that no further agitation will be permitted. It seems likely that the Japanese

reply to our proposal for an identic representation will be the final closure of the matter, and there is reason to feel confident that this reply will make no demand for an admission of Japan's special and paramount position with respect to China. The episode, however, indicates Japan's increasing sensitiveness as regards that country and the stage of development to which her theory of paramount interests has attained.

The belief that the activities of the Legation at Peking were being exerted against Japanese interests and influence in China has been growing here during the past three years. The first open expression which came to my notice was in the autumn of 1914 in connection with the allegation, printed in Toyko, that Chinese officials were invoking American influence for the restoration of Kiau-chau, when a Tokyo newspaper made reference to the "deliberate ill-will" of the American colony in Peking and the "anti-Japanese propaganda of a certain Embassy Secretary." This distrust of our friendliness at Peking, then sufficiently vague, has since kept pace with Japan's growing nervousness where China is concerned. Since the question arose of the latter's entrance into the World War, the suspicion of American political activity in Peking has arisen, bolstered from time to time by indiscreet interviews given by American travelers and by a series of articles written by American journalists. The most noticeable example of the latter, perhaps, is one by Mr. Samuel Blythe published in *The Saturday Evening Post*, which has recently been copied here and has received very wide notice. I am informed that a Japanese translation of this article was prepared in the Foreign Office and that it has attracted the particular attention, among others, of the Premier.

To understand the present high degree of sensitiveness here, it must be remembered that the position of the Government in the past few months has been by no means an easy one. Since the formulation in November last of the Terauchi policy of conciliation toward China, there have been signs that certain elements of his own party are not wholly in sympathy with the Premier's programme and these have lent encouragement to the anti-Government forces which have seized upon every phase of the situation in Peking to condemn the Ministry. Moreover, the revolt of the northern provinces in China has been watched with mingled feelings in Tokyo, the strong military party here favoring the strengthening of the Tuchuns, and the business element of Japan, which stands for peace and strong relationship, fearful of conditions that might arise should the rebellious leaders gain the upper hand. The Foreign Office, meanwhile, has held, under increasing pressure, to its policy of ostensible non-interference. In this programme it could be sure of its ground, however, only so long as Japan's position in China (as she conceives this to be) was not seemingly jeopardized. And there is no doubt that the Foreign Office has begun to regard the American activity in Peking which popular Japanese opinion finds objectionable, as a menace to that position.

Conditions were thus favorable for the outburst reported in my telegram of June 1, 11 p. m., which made use of the vicious rumor that the American Minister in Peking had furnished the President with a large sum of money either to strengthen the opposition to the Premier or as consolation for his retirement. The fact that so many Tokyo newspapers gave currency to this story in identical telegrams from Peking makes it difficult to avoid the conclusion that this cam-

paign had been determined upon and that the retirement of Tuan merely furnished the pretext for its inauguration.

The attitude of the Political Bureau of the Foreign Office, which apparently did its utmost to inspire general belief in the story, was most regrettable. Both Mr. Obata, the Chief of the Bureau, and Marquis Komura, Chief of the First Section, from evidence which could not be doubted, used the incident to foster in the minds of local newspapermen suspicion both of American motive and action. As soon as it appeared that this was going on, I took up the matter informally with Mr. Shidehara, Vice Minister for Foreign Affairs, who assured me that the telegraphed allegation was not credited by his Government and promised that he would investigate the situation in the Political Bureau. On receipt of the Department's telegram of June 5, 4 p. m., and in order to carry out its instruction, I again called upon him, when he told me that inquiry had been made and that he thought there would be no reason for further complaint of that nature. I may say, parenthetically, that both Mr. Obata and Marquis Komura are young men, who have not before this time shown anti-American leanings. The former, however, has spent ten years in China and is associated with the more radical and intolerant group in the Government which favor a strong policy in Chinese affairs.

Meanwhile I had received (June 6) the Department's instruction of June 4, 3 p. m., and had handed to the Minister for Foreign Affairs the proposal for an identic representation to China. On receiving it Viscount Motono read the text carefully and stated that the matter would receive careful study and that an answer would be returned as soon as possible.

Two days later the Tokyo papers announced the transmission to the Chinese Government by the American Minister at Peking, of a note in similar terms, and on the same day Mr. Shidehara expressed to me his surprise that this, if the report was true, had been done before the Japanese answer had been made to our proposal. He said that he had received a report of the note by cable from the Consul General at Shanghai; he doubted, however, that such action had really been taken and was inclined to think the note had not left Mr. Reinsch's hands, but that its contents had leaked. I pointed out the use of the word "identic", but he replied that such action lost force unless it were a joint one. I could readily see that he would regard the situation as one in which Japan was asked to follow the lead of the United States in an action for which the latter stood to receive all the credit from China. I am disposed to think that the irritation in the Foreign Office caused by the representation (which the published telegrams from Peking in the next two days made clear had been made) sprang mainly from this idea, rather than from the opinion that such an action, individually made, in itself constituted an interference in China's internal policies which could not be tolerated by Japan. The Department's telegram of June 8, 10 p. m., which I received on the evening of the 10th and conveyed to him next morning, did not, apparently, remove this irritation.

The situation was aggravated at this juncture by the publication in the *Asahi* of the false text of the note to China, which it was stated had been given out at Washington on the 8th. I at once saw Mr. Shidehara and said that, in view of the harm that might result from any wide currency of such a story, however inherently incredi-

ble, I hoped if the real text was in the hands of his Department, the facts might, so far as possible, be made known. He replied, however, that he was not in possession of the text and seemed inclined to think that what the *Asahi* correspondent in New York had telegraphed might have been—if not the note itself—based upon a statement given out with it by the Department. He said, however, that decision would not be made by the Cabinet on our proposal until the full text had been received by the Foreign Office so that no prejudiced action could be possible.

The *Asahi's* story aroused wide comment, particularly as the standing of the paper is high and its circulation large. Other newspapers, however, did not give the report credence, though joining in the chorus of unfriendly criticism. The unanimity of this criticism, in its various phases, taken in connection with confidential information which has been given me as to the discussion of the matter in the Cabinet, has led me to believe that it had at one time been practically decided to make use of the incident in an attempt to force the United States into line in an assurance of some nature which would virtually admit Japan's special and paramount position in China and that this plan was reluctantly abandoned in view of the opposition of Viscount Motono and of the present grave issues of the war.

On the 12th Mr. Shidehara told me that from that time on I would see, he believed, a continually bettering situation, and it was interesting to note that the editorial comment of that evening showed a distinct improvement. On the evening of the 13th I received the Department's telegram of June 12, 6 p. m., authorizing a complete denial of the *Asahi's* report. I at once communicated its content to Mr. Shidehara (as I had arranged with him to do) and an official denial was issued by the Foreign Office, which appears in all papers today.

I have [etc.]

POST WHEELER

File No. 893.00/2616

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,

London, June 15, 1917, 2 p. m.

6470. Mr. Balfour has consulted his associates and the result is the following memorandum which I have just received from him:^a

PAGE

File No. 893.00/2664

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,

Washington [handed to the Secretary of State June 15, 1917].

MEMORANDUM

The Japanese Government have submitted to their careful consideration the note of the American Chargé d'Affaires dated the 6th instant in which he conveys the proposals of his Government for an

^aPrinted as inclosure to dispatch No. 642, June 19, 1917, from the American Embassy at London.

identical representation by the Governments of Japan, the United States, Great Britain, and France to the Chinese Government urging upon them the importance of maintaining one central united and responsible government in China. The Japanese Government fully appreciate the singleness of purpose which has animated such proposals and they desire to assure the American Government that no country is more keenly interested than Japan in the preservation of unity and peace in China. They regret, however, to be unable to bring themselves to the conviction that the moment is opportune for making a representation to the Chinese Government in the sense proposed. It seems to them that both the contending factions in China are equally anxious to set at rest the present difficulties without recourse to arms and that the situation is not quite as hopeless as all the alarming reports might lead one to believe. In any case the efforts now being actively made by the Chinese themselves to compose the differences at issue have not yet proved a failure while the lives and property of foreigners in the troubled country remain essentially unmolested.

At this stage of the internal strife in China, it is seriously apprehended that any foreign influence brought to bear upon her is liable to create misgiving in the sensitive minds of one or the other of the opposing parties and to do more harm than good.

Japan possesses paramount interests both political and economic in China and she would no doubt suffer more than any other country should the turn of events there present a grave aspect, but the Japanese Government holding to their avowed policy of non-interference in the essentially domestic affairs of China have scrupulously refrained from making any representation to the Chinese Government touching the present crisis. They believe that in the absence of untoward development of the situation, this course would serve the best interests in China as well as of all the other Powers and they feel it due to frankness to confess that they do not find themselves justified in joining in the proposed representation to the Chinese Government.

AIMARO SATO

File No. 893.00/2617

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,

Tokyo, June, 17, 1917, 11 p. m.

Yesterday Minister for Foreign Affairs addressing the Budget Committee of Peers and Representatives in reply to interpellation in regard to our note to China stated that, her policy being one of non-interference with China's internal policies, Japan had not been of a mind with the United States as to the proposal for an identic representation and had therefore communicated with Britain and France. The former had already concurred with Japan's opinion that representations in China at this juncture are not desirable and he had reason to believe that France also would do so. A great change however had taken place in Chinese affairs since the American proposal had been considered.

I am informed that such a reply on the part of Great Britain has been received from the Japanese Ambassador in London. Newspaper comment is now absolutely friendly. It is believed in official quarters that Viscount Ishii will be instructed to repeat [undertake?] conversations at Washington on the whole Chinese situation.

WHEELER

File No. 893.00/2620

Ambassador Sharp to the Secretary of State

[Telegram—Extract]

AMERICAN EMBASSY,
Paris, June 17, 1917.

2190. Your 2313, June 4, and 2338, June 9. The following is a translation of a note from the Ministry for Foreign Affairs in reply thereto, just received.⁷

SHARP

File No. 893.00/2618

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, June 18, 1917, 4 p. m.

Today the Minister for Foreign Affairs gave me a copy of the memorandum handed on June 15, to the Secretary of State by Ambassador Sato. Mr. Shidehara informs me that telegram from the latter received this morning advises that the Secretary of State "expressed himself as quite in accord with the deep sense of the memorandum and stated that from more recent developments in China he was inclined to think the necessity for presenting an identic representation such as had been suggested had now disappeared."

WHEELER

File No. 893.00/2645b

The Secretary of State to Chargé Wheeler⁸

[Telegram]

DEPARTMENT OF STATE,
Washington, June 19, 1917, 4 p. m.

Department's June 4, 3 p. m. Great Britain and Japan decline to send proposed notes. France has not replied.⁹ Japan in another but oral statement through the Ambassador here on June 15 declared that Japan had special and close relations, political as well as economic with China and that this was recognized by Mr. Bryan when Secretary of State, who had also stated that American activity in China was never political. The Japanese Government requests

⁷ Printed as inclosure to despatch No. 5456, June 20, 1917, from the American Embassy at Paris.

⁸ Similar telegram to the American Minister at Peking.

⁹ For reply of France see telegram No. 2190, June 17, 1917, from the American Embassy at Paris, received at Department June 20, 1917.

the American Government to confirm Mr. Bryan's statement and repeat his assurance of a friendly attitude towards Japan in respect to Chinese problems. The substance of Mr Bryan's note was telegraphed to you on March 13, 1915.¹⁰ The Department will inform you later of its reply to the present request.

LIANSING

File No. 893.00/2662

Ambassador Page to the Secretary of State

No. 6426

AMERICAN EMBASSY,
London, June 19, 1917.

SIR: With reference to the Department's telegram No. 4916 of June 4, 1917, 3 p. m., proposing that the British Government join the United States Government in a declaration to the Chinese Government in connection with the state of affairs which has arisen in that Empire, I have the honor to enclose herewith a copy of a memorandum dated the 14th instant, which I have received from the Foreign Office in reply to the representations I made in the premises.

All of this Memorandum, with the exception of the first sentence, was transmitted to the Department in my telegram No. 6470 of June 15, 2 p. m.

I have [etc.]

WALTER HINES PAGE

[Inclosure—Memorandum]

The Foreign Office to Ambassador Page

His Majesty's Government have not failed to give their careful attention to the memorandum communicated by the American Ambassador on the 5th instant conveying an invitation from the United States Government to His Majesty's Government to join in a declaration to the Chinese Government in connection with the state of affairs which has arisen in China. His Majesty's Government feel it hardly necessary to assure the American Government at once that their first impulse is to view with sympathy all proposals emanating from the State Department at Washington and that they are naturally prompted by motives of sentiment no less than by those of interest to endeavor to meet the wishes of the American Administration most particularly in those spheres where the policy of the two Powers is clearly animated by a common spirit.

As regards the specific issue, it appears to His Majesty's Government from such information as is at their disposal that though the question of the entry of China into the war, (which is in fact the immediate cause of the disturbed situation that has been created) has become overshadowed by the internal crisis, the future prosperity and international prestige of China, which means ultimately her unity, cannot be dissociated from her decision to range herself, or not, as the case may be, on the side of the Powers who are fighting for the liberties of the entire world.

His Majesty's Government thus consider China's entry into the war to be primarily to her own interest, and moreover, as far as they themselves are concerned, they feel it would be inconsistent with all the steps which they have taken to bring China in, if they were suddenly to qualify the importance which they have hitherto attached to that eventuality.

Again, they conceive the confused internal political situation of China to require their abstention from any step which might embarrass their Representative at Peking in such developments as may hereafter arise. A declaration, they feel,

¹⁰ For Rel. 1915, p. 111.

made by him to the *de facto* Constitutional Government might under existing circumstances be regarded as a slight to the rival party with whom as the then Government he had been working for China's entry into the war, and should political fortune eventually favour Tuan Chi-jui or his friends and bring him once again into power, he could hardly return to the same amicable relations with His Majesty's Legation as before. In this way even quite apart from the German question, His Majesty's Government—and they of course speak only for themselves—would not merely not have contributed to a unification of existing Chinese parties, but having regard to their traditional practice during periods of internal dispute in China of impartiality towards all such parties irrespective of political complexion, would have risked widening the breach between them by suddenly, after years of a different policy, appearing to favour one at the expense of the other.

In these circumstances, His Majesty's Government deeply regret that, though there can be no doubt whatever that in principle they are entirely at one with the United States Government as regards the objects to be attained, and though they warmly desire to cooperate with them in the matters at issue, nevertheless they conceive it to be more prudent and more in accord with their traditional practice in China for them themselves at this moment to abstain from the step proposed. At the same time they trust that the two Governments will continue to act in consultation as regards such developments as may occur and to frame their policy generally on a common basis.

FOREIGN OFFICE, June 14, 1917

File No. 893.00/2663

Ambassador Sharp to the Secretary of State

No. 5456

AMERICAN EMBASSY,
Paris, June 20, 1917

SIR: Confirming my telegram No. 2190 of June 17, acquainting you with the reply of the French Government made in answer to the communications which I presented in compliance with your telegraphic instructions No. 2313 and 2338 of June 4 and 9 respectively, relative to the identic representations which you proposed be made by the Governments of the United States, France, Great Britain and Japan, I have the honor to inclose herewith a copy and translation of a note from the Foreign Office, the translation of which was transmitted in my said telegram.

I have [etc.]

W. G. SHARP

[Inclosure—Translation]

The Minister for Foreign Affairs to Ambassador Sharp

MINISTRY FOR FOREIGN AFFAIRS,
Paris, June 14, 1917.

MR. AMBASSADOR: By a letter under date of the 6th of this month your excellency was pleased to converse with me of the opportunity which there would be for France, Great Britain, Japan and the United States to make identic representations to the Chinese Government expressing their regret at seeing fresh discord arising in China and their hope of seeing a united and responsible central Government reestablish and maintain harmony.

Returning to this question by your letter of the 13th of this month, you were pleased to expound to me afresh the views with which the Federal Government was inspired when it formulated the proposition which I have just recalled.

Your Government estimates, in effect, that it is advisable that the Allied Powers, to whom the military party at present in revolt in China claims to belong dissociate their action from all idea of revolt against the established

Government in China, while the parliamentary party which today mingles with the existing Government and which remains sympathetic to the views of the Allies, desires only the establishment of a Ministry favorable to the majority. It is to be feared that if the military party triumph civil war will follow and that thus the cause of the Allies will draw no benefit therefrom.

The Federal Government considers accordingly that identic representations from the Allies would be able to have the happy result of making all discord cease and of reuniting all the Chinese factions into a grouping favorable to the cause of the Allies.

I have the honor to make known to your excellency that as early as the 9th of this month I invited the French Ambassador to the United States to make known to Mr. Lansing that the French Government was ready to associate itself with the Government of the United States in making to the Chinese Government an overture recommending to it not to neglect any effort for preventing all disorder and for establishing the desirable harmony in the interior and exterior situation of China.

Mr. Jusserand was charged, on the one hand, to add that if the other Powers consulted by the Federal Government were of the same mind, conformable instructions would be addressed to the French Minister at Peking, on the other to present the following observations concerning the meaning of the proposed overture.

It did not, in fact, appear happy, as proposed in your excellency's letter of the 6th of this month, to say to the Chinese Government that we consider the entry of China into the war against Germany as of entirely secondary importance. From this point of view, it would seem preferable to say that "if the Powers continue to attach a real importance to the entry of China into the war against the Central Powers, they wish before everything else the reestablishment of order and of harmony in China, because they consider this as a necessity essentially preliminary to any action of the Chinese Government abroad."

Moreover, the French Ambassador was charged with pointing out to Mr. Lansing that it would appear opportune if the overture were to be made, that Italy should be invited to take part. This Power is in fact an Ally in the Great War and it seems that her interests in China give her the right to be associated with the suggested action.

Since the communication which I addressed to the French Ambassador at Washington, I have learned that the Japanese Government and the British Government did not show themselves at all favorable to the proposed action. Nevertheless, according to a telegram from Mr. Jusserand, dated the 9th of this month, the United States Minister at Peking is said, for his part, to have taken the identical step proposed without waiting longer.

Under these conditions, while renewing the assurance that the French Government is, on its part, disposed to join in a measure which would meet with unanimous concurrence, I would be very much obliged to your excellency to be good enough to confirm to your Government the sense of the communication which the French Ambassador was charged to make to it on the 9th of this month.

I am [etc.]

J. CAMBON

File No. 893.00/2623

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, June 22, 1917, 1 p. m.

Military Governors Chihli, Fengtien, Shantung, Anhui, Shansi, Shensi, Honan, and Commissioner General Shanghai, have now canceled declaration of independence of their provinces. Li Ching-hsi has not yet succeeded in forming Cabinet but will probably do so next week. Threats of the South against the Military cabal now in control here have not yet been carried into execution. Locally there is considerable unrest but thus far no disorder.

REINSCH

File No. 893.00/2625

AMERICAN LEGATION,
Peking, June 23, 1917, 5 p. m.

Reports from various parts of China indicate that the American note has been effective in putting emphatically before the several parties and sections the necessity of national unity, predisposing them to make a compromise.

REINSCH

File No. 893.00/2627

AMERICAN LEGATION,
Peking, June 25, 1917, 1 p. m.

Your June 19, 4 p. m. Have to submit the following considerations: The claim made by Japanese Ambassador would imply that in 1915, Secretary of State had admitted that China had ceased to be an independent State and that diplomatic relations between the United States and China could be controlled by Japan. No matter how friendly Mr. Bryan's intentions, he could certainly not have admitted the existence of a Japanese protectorate over China at a time when China herself was successfully resisting far less radical inroads on her sovereignty. Even at present were the above claim to become known a storm of indignation would arise in China. While the European Powers have been forced through the exigencies of war to allow Japan somewhat of a free hand in China during the war, it is believed that there would be a day of reckoning should unfair advantage be taken of this opportunity. What is asked of the United States is far more than the European Powers have actually conceded, being a recognition on principle of a preferential and dominant position of Japan in China.

That such a recognition, involving abandonment of a national policy and a position gained through successful work of a hundred and thirty years, involving also the betrayal of a friendly country, should be claimed as resulting from an incidental note, shows that the Japanese are overreaching themselves in an effort to secure their object while the war lasts.

The note issued by the American Government in May, 1915, to both the Japanese and Chinese Governments negatives the implication now attempted to be fixed on the earlier note and leaves it plain that the latter could have referred only to the result of the specific concessions acquired by Japan in Manchuria and possibly to the territorial contiguity of Japan and China.

Only in this sense could a special position be recognized at that time, not in a sense of protectorate limiting freedom of diplomatic intercourse between the United States and China; and the assurance of good will toward the development of Interior [Inner] Manchuria given without *quid pro quo* was indeed sufficient warrant of friendship.

As the term "special position" has no definite connotation it might indeed have been used to indicate that Japan, like, for instance, Russia or Great Britain, through specific concession and contiguous territorial possessions, had certain relationships with China which give it special reasons to interest itself in developments there; that such interests were however not expected to extend to anything which

would impair the full political sovereignty of China is abundantly clear from preceding and subsequent declarations of the American Government. In recognizing the existence of such relationships the Government of the United States at the most would indicate its good will toward the development of the specific interest involved and disavow any desire to obstruct or to raise difficulties for the neighbors of China. Revision and specification of the assurance given in this sense is certainly all that could be granted without disastrous consequences to our national interest, not to speak of vital interest of a friendly country. The United States has long since won a special position in China.

The note presented to the Chinese Government is in fullest accord with traditional American policy as directed not towards internal affairs but the maintenance of external unity and sovereignty of China. It is thus understood by all others in China.

REINSCH

File No. 893.00/2632

AMERICAN LEGATION,
Peking, June 27, 1917, 5 p. m.

My June 25, 1 p. m. Judged by the situation in China at the time of presentation the Department's note of June 4 seems to carry the assurance that the United States intended to use its influence in China in a manner friendly and not obstructive to the interests acquired by Japan and to its position as a neighboring country; but by no means to limit the exercise of independent diplomatic action by the United States. Such a manifestation of good faith would perhaps call for similar reciprocal fair, frank treatment of our interests in China by Japan.

REINSCH

File No. 893.00/2626

The Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,
Washington, June 29, 1917, 4 p. m.

The Japanese Ambassador on June 21 handed me a copy of a message received by him from Viscount Motono under date of June 19 as follows:

You are instructed to see the Secretary of State at the earliest opportunity and to assure him of the deep sense of gratitude which the Japanese Government feels upon learning that its frank and sincere expression of views has been received by Mr. Lansing in an equally friendly spirit. You will add at the same time that it has been my ardent desire, cherished for years, to establish a strong tie of mutual confidence between our two nations by eradicating all possible causes of misunderstanding and that for the success of my endeavors toward this end I deem it most essential to depend upon the sympathy and cooperation of the Secretary of State.

You will please say to Viscount Motono that his friendly message has been received with pleasure and that I share his ardent desire for the establishment of a strong tie of mutual confidence between our two

nations by the eradication of all possible causes of misunderstanding. I am glad to cooperate with him towards this end; therefore to his frank and sincere expression of views I am making a reply equally sincere and frank and none the less inspired by the most cordial good will.

LANSSING

File No. 893.00/263

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, July 1, 1917, noon.

The Monarchist restoration movement, always present in the background, has suddenly become overt. Taking advantage of the general disorganization of Government the monarchist group under Hsu Shih-Chang, Chang Hsun, Kang Yu-weri, through Chief of Staff and General of Gendarmerie at 2 a. m. this morning initiated a *coup d'état* by calling upon the President to resign in favor of the Emperor. The President stated his readiness to resign but in favor of the Vice President. The indications are that a restoration will be carried out; that it will have the support of the Northern military, but the South will oppose and secede.

REINSCH

File No. 893.00/2634

Consul General Sammons to the Secretary of State

[Telegram]

AMERICAN CONSULATE GENERAL,
Shanghai, July 1, 1917, 7 p. m.

Southern Chinese supported by Chinese Naval authorities here declare intention resist by force reported Manchu Monarchical restoration.

SAMMONS

File No. 893.00/2636

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, July 1, 1917, 7 p. m.

The first edict of the Emperor has been issued. He assumes the position of Constitutional Monarch and appoints Cabinet with Chang Hsun as Premier, Liang Tun-yen Minister for Foreign Affairs, Hsu Shih-chang Grand Councilor. Character of appointees generally reactionary, do not inspire confidence. Questionable *coup* [sic] by Tuan and followers of Liang Shih-yi not yet known. President Li is still in Peking. He sent word expressing hope United States would not recognize restoration. Premier Li has left Peking.

REINSCH

File No. 893.00/2638

Consul General Sammons to the Secretary of State

[Telegram]

AMERICAN CONSULATE GENERAL,
Shanghai, July 2, 1917, 11 a. m.

Chinese naval authorities here have order Chefoo and Shanghai Naval vessels proceed Chinwangtao be prepared to remove President Li if necessary. Tendency here establish republic in south if monarchy restored in north.

SAMMONS

File No. 893.00/2642

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, July 2, 1917, 8 p. m.

It is becoming evident that the *coup d'état* was the personal act of Chang Hsun and that it is not approved of by other leaders even in the North, some of whose names were used in this connection without authorization. It is possible therefore that armed resistance may be offered Chang even in the North. Tuan disapproves.

REINSCH

File No. 893.00/2644

Consul General Sammons to the Secretary of State

[Telegram]

AMERICAN CONSULATE GENERAL,
Shanghai, July 3, 1917, noon.

Chinese Commissioner of Foreign Affairs states confidently Vice President Feng and all local military and naval forces agree oppose monarchy.

SAMMONS

File No. 893.00/2658a

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, July 3, 1917, 5 p. m.

Does situation require increase of guard or naval protection of Americans in the ports?

LANSING

File No. 893.00/2656a

The Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,
Washington, July 3, 1917, 5 p. m.

Inform Foreign Office that the American Government concerned for safety of foreign residents of China is considering advisability of measures for their protection and would be glad to have views of the Japanese Government.

LANSING

File No. 893.00/2683

Minister Reinsch to the Secretary of State

No. 1549

AMERICAN LEGATION,
Peking, July 3, 1917.

SIR: I have the honor to enclose for your information copies of the edicts issued yesterday in the name of the Emperor, Hsuan Tung, through which it was attempted to restore the monarchy. The edicts are forwarded in translation as prepared by Dr. Tenney, Chinese Secretary of this Legation. There are also enclosed copies of the translation, printed in the *Peking Daily News* of yesterday's date, of all these papers including a telegram from Chang Hsun and the reported interview with the same.

The *coup d'état* and attempted restoration appears to be the single-handed work of General Chang Hsun. The cooperation recited in the edicts and in the circular telegram, by way of memorials, alleged to have been submitted by such men as President Li Yuan-hung, Generals Feng Kuo-chang, Lu Yung-ting, Chang Hsun, Wang Shih-chen, Chiang Chao-chung, and Chen Kuang-yuan, is either purely fictitious or apparently based upon the hope that the men concerned will ratify the act after the event or upon intimidating and overriding the men here present. While no definitive account of this matter can be given at this early date, it would already seem that the personal action of General Chang Hsun does not have the approval of the weighty leaders such as General Tuan Chi-jui, Mr. Liang Chi-chao and Mr. Liang Shih-yi.

As there were exceedingly few plotters, the *coup d'état* could be carried out suddenly like the act of an individual. It is probable that the decision to carry through the *coup* at this time was taken within a day or two before the event, giving only sufficient time to prepare the edicts. General Chang Hsun, whose self-confidence has become enormous in consequence of the lack of opposition to his self-assertiveness, apparently decided with his most intimate advisers to go ahead, which accounts for the *fait accompli*; but this overprominence of his personal action in the matter will probably turn out to be the weakest point as it invites universal opposition.

There is also herewith enclosed a copy of a memorandum concerning the action taken by the foreign ministers here with a view to safeguarding the life of President Li.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1]

MEMORANDUM

JULY 2, 1917.

Mr. Alston, British Chargé, called on me stating that the French Minister had proposed that the Diplomatic Corps should, in the name of humanity, address a warning to the *de facto* authorities holding them responsible for the safety of President Li Yuan-hung.

We proceeded to the house of the Dean, the Netherlands Minister, where were also present the Russian, French and Japanese Ministers. The above matter was brought up and it was agreed that, acting concurrently for the belligerent and neutral Ministers, the Dean should take the action indicated and call for

that purpose on whomever might be in charge of the Foreign Office this afternoon. It was also agreed that proper reservation should be made to guard against any implication of recognition of the monarchical Government.

The form of diplomatic correspondence was alluded to and it was the consensus that diplomatic communications to the *de facto* Government should be given the form of memorandums.

The matter of the defense of the Legation Quarter, against irresponsible attacks on the part of Chang Hsun's troops came up and it was agreed that the commandants should be in readiness to meet any inroads, without taking any visible measures calculated to disturb the public.

PAUL S. REINSCH

[Inclosure 2]

IMPERIAL EDICTS

The 9th Year of Hsüan T'ung, 5th moon, 13th day.

Unfortunately We ascended the throne in our infancy and to our grief we could not endure great hardship. At the outbreak of the revolution in the Hsin Hai year (1911) the Ch'ing Empress Dowager (Lung Yü), being benevolent and compassionate, could not bear to witness the suffering of the people and so turned over the great heritage of our ancestors and the myriads of her people to the former Minister Yuan Shih-k'ai, allowing him to organize a provisional government. She relinquished her powers of government and treated the Empire as a public trust; hoping that strife would cease and the people would live in peace. But from the time of the change in the form of government, there was no cessation of strife, but there was continual clashing of spears. There was oppression and unjust exaction, and bribes were openly received. The annual income increased to 400,000,000, but was insufficient. Foreign loans increased to over 1,000,000,000 but there was no indication of a limit being fixed. Within the seas there was no peace and the joy of living was lost. So the abdication of the Empress Dowager, meant in pity of the people, only added to their misery. This was just contrary to the design of the Empress Dowager, and so the spirit of the departed could not rest in peace. We, living in the recesses of the palace, daily prayed to Heaven, in anguish and tears, not knowing what the result was to be. Recently parties have been at strife, so bringing on the calamity of civil war. The Empire was in confusion with no hope of settlement. Harmony was immediately lost.

Chang Hsün, Fêng Kuo-chang, Lu Yung-ting and others, because of this trembling of the foundations of the nation, and because the minds of men were turning toward the old system, memorialized together for the reestablishment of the monarchy, in order to save the lives of the people. So also Ch'ü Hung-chi and others, seeing that the country was in a dangerous condition, and the minds of the people unsettled, memorialized begging us to reascend the Throne and administer the government, so satisfying both Heaven and men. Li Yüan-hung also memorialized asking to turn over the government, for the good of China and the salvation of the people. On the perusal of these memorials, which were so earnest and full of forebodings, although we hesitated to assume the heavy responsibility of the welfare of the nation, we could not place our own comfort first and ignore the welfare of all the people. After careful weighing and consideration of duty to Heaven and to men, we had no alternative but to consent to the memorialists. On the 9th year of Hsüan Tung, the 5th moon, 13th day (July 1, 1917), we have ascended the Throne, assumed the government, resumed our powers, and made this radical change for the people. From now on we will make the wise teachings of morality our guide. We will remedy the confusion of the people's minds by the influence of the principles of propriety, righteousness, disinterestedness and shame. Those above and those below will mutually influence each other, and there will not be the mere fear of the law. The orders of the Government will be for mutual benefit and the correction of abuses and the nation will not be used for purposes of experimentation. At present all is emptiness; the original spirit of government is lost, and we are at the critical period of success or failure. We are timid and do not dare to think of pleasure in acting as sovereign or to allow ourselves any dissipation. All of you higher and lower officials must purify your hearts, correcting all former faults, thinking only of the welfare of the people. Thus, through care of the people, the fortunes of the government will be preserved. Thus, destruction can be averted, and the protection of Heaven secured.

The fundamental principles of the new government with its aims in the directions of conservation and change are as follows:

1. In accordance with the decree of the Empress Dowager Lung Yu, ultimate authority shall rest with the Throne, but the people shall have a voice in all the affairs of government. The Government shall be styled the Ta Ch'ing Imperial Government but will follow the forms of constitutional government as practiced by other nations.

2. The revenues of the Imperial House shall remain at the figure formerly fixed, viz, 4,000,000, which shall be paid annually but never increased.

3. The former edict of the Imperial House shall be enforced forbidding near directions of the Emperor from engaging in governmental affairs.

4. The regulations abolishing the distinctions between Manchus and Chinese shall be carried out and there shall be no reestablishment of the Manchu and Mongol offices already abolished. The matter of intermarriage and change of customs shall be reported on by the proper bureau.

5. All treaties and loan agreements regularly made prior to this 1st day of the 5th moon of the 9th year of Hsüan T'ung shall be respected.

6. The stamp tax shall be abolished for the relief of the people. Other vexatious taxes shall be carefully considered by the viceroys and governors of the provinces and abolished as found feasible.

7. All criminal laws which are contrary to the genius of the Chinese shall be abolished. For the present the criminal code published in the 1st year of Hsüan T'ung shall be temporarily in force.

8. All those who were convicted of political offences under the regulations forbidding party organizations are pardoned. Those who renounce their allegiance or who promote disorders we dare not pardon.

9. All the people may follow their own wishes as to cutting hair in accordance with the edict of the 9th month of the 3d year of Hsüan T'ung.

We swear to respect the above nine articles appealing to august Heaven and the profound Earth, and now issue this edict for the information of all.

Ninth Year of Hsüan T'ung, 5th Moon, 13th day (July 1, 1917).

Li Yuan-hung has this day submitted a memorial requesting to return the government of the country and praying that the Empire be re-established. He states that he was coerced by a mutiny of troops to steal the great office and to wrongfully take over the affairs of state, without attempting to save the situation, and he sets forth in detail all the malpractices which came in with the establishing of the Republic, praying that the Empire be re-established and that, to fulfil the wishes of the people, he be handed over for punishment.

We were filled with pity at the perusal of this statement which was put forth in all sincerity. Since he was only an accessory and did not act of his own free will, and since in returning the government he shows himself to know the right, in this time of national danger and general disturbance he has been the first of Our people to uphold Us. His work in settling China and saving it from destruction has been of a high order and has pleased Us well.

Li Yuan-hung is created a Duke of the First class in accordance with Our law, and will obey Our commands, thereby obtaining the favor of Heaven.

CHANG HSÜN
Grand Secretary

[NOTE.—Numerous other edicts, appointing Viceroys of Provinces, Cabinet Officers, etc., are omitted here.]

File No. 893.00/2680

Minister Reinsch to the Secretary of State

[Extract]

No. 1557

AMERICAN LEGATION,
Peking, July 3, 1917.

SIR: Referring to the Legation's despatch (No. 1525) of the 5th ultimo, I have the honor to forward herewith the following despatches concerning the political situation in the provinces as follows:⁴

⁴Not printed.

The dismissal of the Premier Tuan Chi-jui on May 23 (reported in my telegram of May 23, 9 p. m.) was followed by the secession of the provinces of Honan, Shensi, Shansi, Anhui, Fukien, Shantung and Fengtien under the lead of General Ni Ssu-chung, Civil Governor of Anhui Province, and the meeting of the Tuchuns of the Northern provinces at Tientsin.

General Chang Hsun does not appear to have been in accord with the Tuchuns from the time they visited him in Hsuechowfu after their convocation at Peking in May. Vice President Feng Kuo-chang from the first has been opposed to the secession of the provinces and has used his influence to try to maintain order and prevent actual hostilities. Feeling that his position as Vice President impeded him in his attempts at mediation and rendered his position somewhat equivocal, he resigned as Vice President on June 5, in order to resume his former position as Tuchun of Kiangsu province. His resignation, however, was not accepted by President Li.

In the meantime General Chang Hsun went to Tientsin to mediate between the Tuchuns and the Central Government. He finally demanded the dissolution of Parliament, which was ultimately forced upon the President on June 13.

The majority of the members of the dissolved Parliament almost immediately left Peking, the Kuo Min Tang members assembling at Shanghai, where a registration bureau was opened, and from where they sent telegrams to the provincial officials stating their views of the unconstitutionality of the President's mandate ordering the dissolution of Parliament.

The naval officers at Shanghai under Admiral Cheng Pih-kwan met on June 23, the day of the Dragon Festival, and expressed their loyalty to the President and the Provisional Constitution and signified their intention to support the constitutional government against the rebellious Tuchuns. The Legation is still without information as to what further steps the navy has actually taken.

The Southern and Western provinces, as was to be expected, declared for Parliament and the Provisional Constitution, and began military preparations to oppose the Northern generals by force.

A citizens meeting initiated by the local members of the Kuo Min Tang at Canton unanimously approved the following four resolutions:

1. The dissolution of the national Parliament shall not be recognized as valid, and a military expedition should be despatched forthwith to attack the revolting Tuchuns.
2. The members of the national Parliament should select immediately a suitable place for convening an extraordinary conference.
3. The officials of the Southern and Western provinces should speedily despatch military expeditions to attack the rebels.
4. The people of the whole country and Chinese overseas should be asked to subscribe to the military fund.

Hunan remained neutral during the secession movement. The brother-in-law of General Tuan Chi-jui, however, General Wu Kuang-hsin, declared martial law at Yochow, which was under his control.

The disturbances which have been disrupting the province of Szechuan for several months due to the rivalry between Generals Liu Ts'un-hou and Lo Pei-chin, and the general antipathy of the Szechuanese for the Yunnanese as well as the inability of the Central Government to restore order, still continue without any immediate prospect of a settlement.

The cancellation, at the request of General Chang Hsun, of their declarations of independence by the provinces of Chihli, Fengtien, Shantung, Anhui, Shansi, Shensi and Honan, and by the Commissioner of Shanghai, was reported in the Legation's telegram of June 22, 1 p. m.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2654

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, July 6, 1917, 9 p. m.

Chang Hsun troops retreating before General Tuan. Chang Hsun suggests mediation. City nervous but orderly. Railway communication interrupted and the extra company called from Tientsin still on the way.

REINSCH

File No. 893.00/2656

Chargé Wheeler to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Tokyo, July 7, 1917, 3 p. m.

The Foreign Office here believes there are now indications that the immediate situation in China will be relieved without serious fighting. The Vice Minister for Foreign Affairs states that reports from their Legation at Peking indicate that the monarchy has a very short lease of life; that Chang Hsun is nonplussed at the strength of the opposition even in the North, that he has moreover incurred the enmity of several of the most prominent members of the Imperial family who consider that his precipitate action has destroyed all hopes of a permanent restoration of the dynasty, and that realizing failure to be imminent he is seeking a way to retire with assurances that his life and property will be left him. Mr. Shidehara tells me confidentially that Chang has given Japan private assurances that there will be no fighting within the city of Peking and that Wang Shih-chen has guaranteed to Hayashi that all necessary protection will be afforded to foreigners.

WHEELER

File No. 893.00/2657

AMERICAN EMBASSY,
Tokyo, July 7, 1917, 4 p. m.

Your cipher telegram of July 3, 5 p. m. In reply to my communication the Minister for Foreign Affairs has just handed me a memorandum reading as follows:

The Japanese Government highly appreciate the friendly spirit in which the American Government have sought their views as to the advisability of taking measures in the present crisis for protection of foreigners residing in China. As Doctor Reinsch has already been informed by Baron Hayashi, Japanese Legation guards at Peking, formerly consisting of two companies of infantry, have just

been reenforced by another company dispatched from the garrison of Tientsin. In time of embroils those guards are prepared to afford due protection to foreign residents in Peking in cooperation with the American and other Legation guards and if necessary may be readily strengthened by further reenforcements. Reports so far received from Peking do not seem to warrant the conclusion that the troops actually maintained by foreign Legations there are quite inadequate to protect foreign residents more especially when no feature of anti-foreign character is involved in the whole conflict. As the matter stands at present the Japanese Government do not consider it is advisable to proceed immediately to further measures of military precaution which might create suspicion and misgiving among the Chinese.

Viscount Motono states that the Japanese reply makes reference only to Peking inasmuch as there are at present no indications that there will be a clash of forces in any other locality.

WHEELER

File No. 893.00/2659

AMERICAN EMBASSY,
Tokyo, July 9, 1917, 3 p. m.

The Chinese Minister informs me that the Republican Government at Nanking has announced the confirmation, according to the Constitution, of Feng Kuo-chang and Tuan as President and Premier respectively, and have come to a decision to banish from Peking and to keep under surveillance the Emperor, the Imperial family and monarchist princes. He states that Chang Hsun is still in Peking negotiating for guaranties of personal safety but it is believed that these will not be granted and that he will be punished with the greatest severity. He asks me to inform you as above in view of the removal of the Republican Government from Peking and of the fact that he is in direct communication with Nanking.

WHEELER

File No. 893.00/2665

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
London, July 12, 1917, noon.

6714. Foreign Office states that British Chargé d'Affaires, Peking, reports that no danger to the Foreign Legations and residents is anticipated. All possible precautions are being taken and the Peking Government have been informed that communication with the sea must be kept open. Mr. Balfour adds that he does not see what other steps can be taken for the moment but he has submitted the matter to the Admiralty and to the Secretary of State for War asking for their immediate views which would be communicated to me later.

PAGE

File No. 893.001F35/-

The Chinese Minister to the Acting Secretary of State

No. 51

CHINESE LEGATION,
Washington, July 12, 1917.

SIR: I am instructed by my Government to communicate to you the following proclamation of the President of the Republic of China:

Whereas President Li Yuan Hung is unable, for cause, to perform the duties of his office;

Now, therefore, I, Feng Kuo-Chang, do hereby proclaim to all whom it may concern that in pursuance of Article 5, Section 2, of the Presidential Election Law, I have, on this 6th day of the 7th month (July 6, 1917), respectfully taken up the duties of the office of the President of the Republic.

Accept [etc.]

V. K. WELLINGTON KOO

File No. 893.00/2669

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, July 13, 1917, 8 p. m.

Republican troops began action against Imperialists early this morning. After ten hours fighting the latter capitulated. Shan Hsün had already taken refuge in the Dutch Legation. Stray bullets wounded three Americans.

Tuan has already announced his Cabinet. It is to be composed of strong men representing three elements militarist, communications [?] and Chin Pu Tang. The southern Republicans are not represented. The latter are dissatisfied also because of reactionary character of the cabinet.

REINSCH

File No. 893.00/2666

Consul General Sammons to the Secretary of State

[Telegram]

AMERICAN CONSULATE GENERAL,
Shanghai, July 13, 1917.

Seal President China forwarded Shanghai to Nanking for use Vice President.

SAMMONS

File No. 893.00/2669

The Acting Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, July 14, 1917, 3 p. m.

Your July 13, 8 p. m. Please give names and condition of Americans wounded and correct or confirm report published here of execution of Prince Pulun by Chang Hsün.

POLK

File No. 893.001F35/1

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, July 17, 1917, 6 p. m.

Minister for Foreign Affairs communicates notification from Vice President Feng that in accordance with law he is performing in an acting capacity the duties of the President, having assumed office on the 6th instant.

REINSCH

File No. 893.00/2674

AMERICAN LEGATION,
Peking, July 18, 1917, 4 p. m.

During the fighting on the 12th instant Chang Hsun took refuge in the Legation quarter under the protection of diplomatic body; other participants in restoration movement took refuge in various legations, including Kang Yu-wei who is hiding in this Legation. It is understood the Chinese Government will insist that the diplomatic body deliver Chang Hsun over to it for punishment and it may ask the several legations to hand over other refugees harbored by them individually.

I request your instruction as to the attitude to be taken by this Legation in reference to, first, the surrender of Chang by the diplomatic body, second, that of Kang by this Legation, particularly as regards the requirements of judicial process as a prerequisite to surrender of guaranty against punishment without due process of law.

REINSCH

File No. 893.00/2674

The Acting Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, July 21, 1917, 5 p. m.

Your July 18, 4 p. m. Paragraphs 50 and 51 of Instructions to Diplomatic Officers direct them not to grant asylum. The Department desires to call your particular attention to these instructions and to state that it desires the Legation to avoid interference with the proper administration of justice by the Chinese authorities and trusts Chinese Government will be made to understand this.

Nevertheless, if promise of asylum has been given by the diplomatic body, the Department will not direct you to break faith. In that case will endeavor to secure for Chang safe passage from the country if majority of diplomatic body approves and is willing to cooperate. But if no assurance of asylum has been given, by the diplomatic body, as regards Chang, or by you, as regards Kang, and they are only refugees in the quarters of the diplomatic corps, and if demand is made for their surrender to the constituted authorities, you are instructed to deliver them to those authorities. In such event the Government of the United States would expect that they would secure a fair and speedy public trial before a duly authorized tribunal with the privilege of counsel and witnesses and with humane treatment during imprisonment pending trial.

POLK

File No. 893.001F35/-

The Acting Secretary of State to the Chinese Minister

DEPARTMENT OF STATE,
Washington, July 21, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 12th instant, in which you communicate a proclamation by Feng Kuo-chang, dated July 6, 1917, announcing that he has taken up the

duties of the office of the President of the Republic of China, the President, Li Yuan-hung, being unable, for cause, to perform the duties of his office.

Accept [etc.]

FRANK L. POLK

File No. 763.72/6173

Minister Reinsch to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Peking, August 3, 1917, 2 a. m.

My telegram of July 15, 8 p. m. The Prime Minister has just informed me that the Cabinet has come to a decision to declare war against Germany and that acting President Feng has been formally notified of this step and approves of it. Before the decision is carried out various preparations [and ?] arrangements remain to be completed.

The adoption of this policy is prompted by a desire to strengthen China internationally, as well as particularly [protect?] the present Government against internal opposition which would probably, after the declaration of war, be treated as treasonable negligence. It is probable that parliamentary radicals of the South will resist the declaration. While they may appeal to general theory, and while the party in power is strongly militarist, yet specifically the case for the defunct parliament seems weak inasmuch as it was dissolved by the same authority that had reinstituted it in 1916 and a general national demand for its reinstitution is lacking. However, it is to be hoped that professions in favor of representative institutions made by the present Government will be lived up to.

General Feng upon his arrival yesterday formally requested Li to resume the presidency. The latter declined. Feng therefore remains Acting President for the unexpired term. The present administration represents strong elements of political, military, financial organization; political antagonisms of Tuan against Feng, Chin Pu Tang against [apparent omission], may be alleviated by war action. But whether national union can be completely upheld against the opposition of certain provinces inclined to espouse the cause of Parliament is doubtful though the Government seems to rely on war power and Allied support to accomplish this.

The Japanese have advanced yen 10,000,000 for urgent needs of the Government; participation will be offered other members of Consortium.

Please instruct whether you desire me to participate in conferences of Allied representatives concerning any action affecting the war. * * *

REINSCH

File No. 763.72/6173

The Acting Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, August 4, 1917, 5 p. m.

Your telegram of August 3, 2. a. m. You are instructed to be guided by the policy of this Government as expressed in its note of

June 4 to China, but if war is declared express satisfaction of this Government in the support thus given to its course. * * * Nevertheless the Department does not deem it advisable at the moment for you to participate in conferences of Allied Ministers concerning war matters. However, should any matter arise in which they and you deem concurrent action by this Government desirable you may request instructions.

POLK

File No. 893.00/2687

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, August 9, 1917, 2 p. m.

Consul General at Canton reports efforts to set up provisional Government Canton not likely to have much success. Chances I believe preservation national unity are better, but even if separate provisional Government should be formed I have reason to believe it will probably also declare war against Germany in order to avoid international complications. This would form the basis of compromise. At all times have sought to impress upon leaders political parties the policy of your note June 4.

REINSCH

File No. 893.00/2703

Minister Reinsch to the Secretary of State

[Extract]

No. 1586

AMERICAN LEGATION,
Peking, August 9, 1917.

SIR: In continuation of my despatch No. 1549 of July 3 last, dealing with the attempted Imperial restoration, I have the honor to submit a more complete report.

As the monarchical movement instituted by General Chang Hsun was entirely his personal act, it came as a complete surprise to everybody, including the men whose names were recited in the proclamations as assisting him. It was a surprise even to men who were undoubtedly forced to assist, such as the Chief of Staff and the heads of the gendarmerie and of the police.

As reported in my telegram of June 30, 1 p. m.,⁴ Premier Li Ching-shi, who had been influenced by Chang Hsun, found himself isolated. As important men were unwilling to take office it appeared as if a period of stagnation lasting through the summer was imminent until a complete readjustment could have been effected.

It was this very situation which seems to have inspired Chang Hsun to take this radical step. He was disappointed that the results of his mediation should not have been more satisfactory. Kang Yeu-wei, who arrived in Peking on June 29, advised him that the salvation of China lay in the restoration of the Imperial family; this would immediately bring to the active support of the Government, all

⁴Not printed.

the military leaders who were notoriously imperialistic in their inner sentiments and who had at various times expressed themselves, in that sense, to Chang Hsun.

It was therefore assumed that if the step were taken the support of these powerful men could be implicitly relied on. It is apparent that specific encouragement had been received from Hsu Shih-chang, who is generally considered the leader of the Imperialistic party, although an ex-Premier under the Republic.

It is also known to me that Chang Hsun discussed the possibility of an Imperial restoration with the Japanese Minister. The latter expressed the opinion that if the movement were undertaken the support of the chief military leaders should be made sure of. As Chang Hsun felt sure of this support he evidently took the advice of the Japanese Minister as an encouragement, and believed that his movement would have diplomatic support.

On June 30 Chang Hsun had his intimate advisers, particularly Kang Yeu-wei, draw up the necessary Imperial edicts. In these it was recited that leading governors, like Feng Ko-chang, Lu Yung-ting and others of like prominence, had petitioned for the restoration of the monarchy. Lists of appointments to the highest positions in the Central Government and the provinces were also prepared. The existing military governors were in most cases reappointed. The most important men designated for positions in the Central Government were Hsu Shih-chang as Guardian of the Emperor, Liang Tun-yen as Minister of Foreign Affairs, and Chu Chi-pao as Minister of the Interior. Wang Shih-chen was retained as Chief of the General Staff.

The most amazing instance of presupposed consent is an Imperial edict which recites that President Li Yuang-hung has petitioned for the reestablishment of the Empire and which appoints him as a Duke of the first class.

When these various edicts had been prepared ready for launching, a dinner was arranged for the evening of the same day, to which the heads of the Peking military and police establishments were invited. The dinner took place at the Kiangsu Guild Hall. After great quantities of wine had been consumed, Chang Hsun broached his project for the salvation of China. He stated that all preparation had been made, that military and diplomatic support was assured and then, pointing at the Chief of Staff, said: "Of course you are supporting the movement". General Wang, completely taken aback, did not see his way to refuse—seeing that he was in the presence of an accomplished fact. The consent of General Chiang, head of the gendarmarie, and General Wu, head of the police, was obtained in the same way. The account of this affair by Premier Li Ching-hsi as given in *The Peking Daily News*, July 10, 1917 (herewith enclosed),⁴ is the best account of the events of this night.

When the enterprise had been thus launched, Chang Hsun directed General Wang and four others to proceed immediately to the residence of President Li, to wake him up and to obtain his consent to a memorial, asking for the reestablishment of the monarchy. Chang Hsun himself proceeded to the Imperial City. Not having been able to obtain the consent of the Imperial Dukes to his movement, he

⁴Not printed.

had lavishly bribed the eunuchs in charge of the palace. They opened the gates for him and his retinue and took him to the private residence of the young Emperor. Prostrating himself before the Emperor, Chang Hsun informed him that the whole nation demanded his return to the throne. He then immediately took the Emperor to the great throne room and, in the presence of his retainers and members of the Imperial family who had been summoned, formally enthroned the Emperor. Thereupon the edicts which had been prepared were formally sealed.

As may be imagined, there were some comic incidents. A rather distinguished man had been summoned by the Premier to discuss with the President his assumption of one of the cabinet portfolios. He was seen at the hotel by a Chinese friend of mine who had just heard of the restoration, about 10 o'clock in the morning. When asked what he had come to Peking for, he stated confidentially that he was now waiting for a carriage to take him to the President's Palace, and was greatly surprised when he was told: "The President is finished; this is now an Empire. The Emperor was enthroned at 4 o'clock this morning."

The assumption made by Chang Hsun, in the Imperial edicts issued on Sunday July 1, that practically all of the leading authorities of China approved of the restoration, deceived Peking for one day, as it had deceived the military chiefs on the preceding night. The population, as the news spread, showed an almost joyous excitement. The yellow dragon flags appeared everywhere, and soon the city wore a festive appearance. The population of Peking was easily made Imperialist, through its memories of past splendor. But the height of this movement was reached on the evening of July 1. From that time on it steadily went down grade.

Liang Tung-yen came to assume office as Minister of Foreign Affairs. He has always been an Imperialist, and was in the highest spirits, believing that at last China had been saved. He had been made to believe that the foreign diplomats would easily recognize the restoration. But on Monday, July 2, strong doubts as to the character of the movement appeared. Tuan Chi-jui did not figure in the official lists. When asked about this, Chang Hsun declared that General Tuan was unimportant, having no troops under his command at this time. When, about 4 a. m. on July 1, the news was telephoned to Tientsin, Liang Chi-chao was at cards with friends. He immediately proceeded to General Tuan's residence, where the latter was also engaged in a game of cards. General Tuan, being at that time thoroughly weary of public affairs, was difficult to rouse. He begged to be spared the trouble of thinking what might be happening in Peking. But as more details came in and it became apparent how absolutely a one-man affair the movement was, Tuan roused himself and took an interest. However, he was at that time actually only a private citizen without authority or command.

On Monday he and Liang Chi-chao proceeded to Machang where the 8th Division has been encamped since the attempt to overawe President Li Yuan-hung. It is stated that General Tuan felt rather nervous as to the outcome of his venture. Arriving at the camp, he called the commanders, stated to them that he had always been opposed to the restoration of the monarchy, and that it was now being attempted by the act of a single general. He therefore proposed

to resist this act and to take command of the republican troops for that purpose. His action was successful, and he was recognized as the commander-in-chief. President Li, on his part, did not yield to the importunities of Chang Hsun, but issued an absolute denial of the statement that he favored the restoration. On July 2 he took refuge in the Legation Quarter, after having issued a mandate turning over the exercise of presidential powers to the Vice President and appointing General Tuan Chi-jui Premier and Commander-in-Chief.

On Tuesday, July 3, Liang Chi-chao published a vigorous denunciation of the restoration movement. As the action of General Tuan became known, doubts as to the permanence of the restoration increased. Chang Hsun had committed a great tactical blunder in taking for himself not only the Premiership but also the position as military chief of Chihli Province, reducing the actual military governor, General Tsao Kun, to the civil governorship. The latter, who would probably have supported Chang Hsun, with proper inducements, now followed the lead of General Tuan and prepared for troop movements against Peking. On July 2, a personal representative of mine saw General Tuan Chi-jui, who assured him that he already had complete control of the military situation and would be able to finish Chang Hsun inside of 10 days.

As hostilities threatened in and around Peking, and as the danger of looting was always present, I discussed the precautions to be taken with my colleagues, and agreed with the Japanese Minister that we would each bring a company of reinforcements from Tientsin. Meanwhile the movements of Tuan's troops had commenced and, to hinder their advance, Chang Hsun's men had broken the railway at about one-third of the way from Peking to Tientsin.

The question was discussed by the Diplomatic Corps. Some urged that we should give notice that no fighting should take place on or near the railways. I took the position that as we had made no objection to the bringing in of Chang Hsun's troops and to their stationing in Peking and along the railway we were not now in a position to object to the troops of the Government to which we were still accredited taking necessary action against Chang Hsun; that we could, however, insist upon the right of keeping the railway open. A demand was accordingly made on July 5 upon General Chang Hsun and General Tuan Chi-jui that the railway must be kept open and that at least one train must be allowed to pass in each direction every day.

On July 6, the reinforcements arrived in Peking—having been delayed by the necessity of reconstructing the damaged line. On July 7, the first trains passed between Peking and Tientsin—one of these trains passing between the armies during a battle. During these days fighting was going on between the troops of General Tuan, under direct command of General Tuan Chi-kwei, and Chang Hsun's forces in which, with a great deal of firing and small loss of life, the latter were driven back towards Peking. The troops of General Tsao Kun also advanced upon Peking from the West.

On Sunday, July 8, I discovered in the afternoon that through the mediation of a certain Colonel Hu, Chang Hsun had persuaded the French Minister to believe that the city was in imminent danger of looting, fighting and general disturbances, and that the only salvation lay in inducing Hsu Shih-chang to come from Tientsin to medi-

ate. The French Minister induced his Entente colleagues to agree to transmit a note to General Tuan Chi-jui urging him to persuade Hsu Shih-chang to come to Peking as mediator. This action seemed to me to be decidedly ill-advised as it would mean that at a time when Chang Hsun was already thoroughly defeated he would be solemnly treated by an influential part of the Diplomatic Corps as entitled to dictate the terms and personnel of mediation. I expressed myself very strongly in this sense. * * * The British Chargé, who had then just received a telegram from his consul in Tientsin to the effect that General Tuan was absolutely opposed to any mediation, withdrew his consent, so that the action contemplated was not taken. Chang Hsun persisted to the last in his attempts to get the Diplomatic Corps to give him position as a party to a solemn mediation. The French Minister, originally disposed to support him in this, probably on account of his violent hatred of Dr. Wu Ting-fang, gradually came to see the unwisdom of such a policy when certain Germanic affiliations of Chang Hsun became known. The other ministers appreciated the difficulty somewhat earlier.

On July 8, Kang Yu-wei presented himself at my house seeking refuge. I had no alternative but to assign him rooms, where he still remains. He informed me that Chang Hsun had had the fullest assurances of support on the part of Hsu Shih-chang and other important monarchists.

Prince Tsai Tze called on me on July 9. He stated that the Imperial House had not been in favor of a restoration movement at this time; but he still hoped that the bringing of Hsu Shih-chang as mediator would help to preserve the favorable treatment agreement. He was greatly depressed and seemed to fear deep injury to his house.

On this day the Diplomatic Corps held a long meeting to discuss suggestions of mediation between the contending factions, or other means of averting disturbances in the city. I strongly opposed all suggestions of mediation. The Diplomatic Corps adopted a moderate resolution practically indicating its belief of the defeat of Chang Hsun, and the possibility of avoiding bloodshed by granting safe-departure to Chang Hsun's troops.

On July 10, I was approached by a representative of General Chiang, Chief of the Gendarmerie. He stated that it was desired to bring Chang Hsun into the American Legation, and that an agreement to this effect had been made between the different commanders. I stated that under the circumstances it would be best for the Diplomatic Corps to discuss what protection could be extended to Chang Hsun. An informal meeting was held at which the British Chargé agreed that he would receive Chang Hsun if he were brought in.

Late in the afternoon of July 11, the Legation received notice from General Tuan that during the night the troops would move against Chang Hsun's forces in the city and that bombardment of the Temple of Heaven and the quarters near the Imperial City held by Chang Hsun would begin at dawn on July 12. In concert with the commandant of the Legation Guard, I sent notice to the American residents in the quarters particularly affected directing them to seek safety. Eighteen refugees came to the Legation, where they were taken care of for the day at the students' mess.

At the beginning of the fighting a great many people out of curiosity went upon the city wall to see what was going on. When it became apparent that stray bullets were frequently falling on the wall, the commandant ordered the wall to be cleared. Unfortunately, several of these onlookers were injured, among them three Americans. While the battle was going on I received word from the Imperial tutors that the Empresses Dowager were preparing to bring the Emperor to the American Legation. I found later that ever since July 9 there had been a desire to remove the Emperor to this Legation for safety. While the Empresses and some of the Dukes desired this to be done, the eunuchs under Chang Hsun's influence were opposed to his removal. The Prince Regent, also under Chang Hsun's influence, took the same view. Thus on various occasions the eunuchs, whose existence had almost been forgotten, came out on the stage again in this curious affair.

Shortly before noon, Chang Hsun was brought to the Dutch Legation. He was accompanied by a German employee of the Chinese police. Chang Hsun had been persuaded almost by force to come, by his Generals. He was still under the illusion that he could mediate. When the Dutch Minister informed him that this was impossible he wanted to return to his troops. Chang Hsun is still in the Legation Quarter under the control of the Dutch Minister.

Firing was very violent from dawn until 11 a. m. The firing of field guns, machine guns and rifles filled the air with an enormous tumult. From 11 o'clock on the firing gradually diminished. It entirely ceased at 4 p. m.

After this I immediately proceeded by motor car to the various centers of fighting. I found that Chang Hsun's house had been struck by several shells, and that the indirect artillery firing of the Government troops had been managed with considerable accuracy. The human dead had already been removed from the neighborhood, although numerous dead horses remained. From there I proceeded to the Temple of Heaven. I was astonished to find Chang Hsun's troops there encamped with all their arms and artillery, all in the best of spirits, eating, drinking and talking. They told me that they had five men killed, whose bodies were still there. The absence of visible results of the enormous expenditure of ammunition witnessed during the day was astonishing. I found, however, that the method of fighting employed by the troops was to get as close as possible behind a high wall and fire into the air in the general direction where the enemy might be. Hence the danger to bystanders was rather greater than that of the combatants themselves. As a matter of fact, the total number of killed as a result of the fighting of July 12 was twenty-six (26); seriously wounded, seventy-six (76), more than half being civilians.

The Chang Hsun contingents in the Temple of Heaven had hoisted the Republican flag at 10 a. m. An agreement was arrived at by which they were to be paid \$60 per man upon the delivery of their arms. Chang Hsun's troops about the Imperial City held out for a larger payment. To my astonishment I saw as late as Saturday, July 14, fully armed soldiers of Chang Hsun on guard at the central police headquarters. When I asked for the reason of this phenomenon (Chang Hsun's troops having supposedly been absolutely defeated in pitched battle on July 12) I was told that the commanders had not

yet arrived at an agreement as to what these contingents were to be paid. Eighty dollars per man was finally agreed upon, and by July 15 Chang Hsun's troops, deprived of their arms and their pigtails, had left Peking with their money, entrained for their rural homes in Shantung.

It is not surprising that the Government troops also demanded a reward for the services which they had rendered. It was finally arranged that they should have one month's extra pay.

For one or two nights there was a little sporadic looting in various parts of the city. Nearly all shops remained closed. But the looting did not become general, nor was there a panic.

General Tuan-Chi-jui arrived in Peking on July 13. I saw him on the following day, when he told me that he would carry out his original foreign policy, and that he had complete assurance that the Vice President would come to Peking to assume the presidency.

The dragon flags disappeared on July 12, as suddenly as they had appeared on July 1, and the city quickly resumed its ordinary life.

The rapid failure of Chang Hsun's enterprise was not due to any inherent weakness of the monarchical sentiment in North China. In fact monarchist leanings of the Northern military party are quite well known. It had been assumed that such a movement would be launched; and if it had been more prudently planned and prepared it might easily have been successful, at least for a time. Its total failure was due entirely to the fact that Chang Hsun, counting on monarchist tendencies of the Northern military men, neglected to make those preparatory negotiations which would have turned the potential support into real strength. While the above is true, however, there can be no doubt that Chang Hsun's failure imports an enormous setback to the cause of monarchism in China. After two failures of a monarchical movement, ambitious men will think many times before embarking on such a venture again; and it will take a strong man and careful preparation indeed to assure even temporary success in the future. The Republican form of government in China has been greatly strengthened.

There are forwarded herewith a number of clippings from the Peking press containing documents and articles relating to the subject of this despatch.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1]

[From the *Peking Gazette*, July 4, 1917]

July 1. To-day Inspector General Chang (Hsun) entered the city with his troops and actually restored the monarchy. He stopped traffic and sent Liang Ting-fen [Tun-yen] and others to my place to persuade me. Yuan-hung refused in firm language and swore that he would not recognize such a step. It is his hope that the Vice President and others will take effective means to protect the Republic.

YUAN-HUNG

As heaven does not scorn calamity so has the monarchy been restored. It is said that in an edict issued by the Ching House it is stated that Yuan-hung had actually memorialized to return the power of State to the said House. This is an extraordinary announcement. China changed from autocracy to a Republic by the unanimous wish of the five races of the country. Since Yuan-hung was entrusted by the people with the great responsibilities it is his natural duty to maintain the Republic to the very end. Nothing more or less than this will he care to say. He is sending this in order to avoid misunderstanding.

YUAN-HUNG

To Vice President Feng at Nanking

It is to be presumed that the two telegrams sent on the 1st have safely reached you. I state with deepest regret and greatest sorrow that as the result of my lack of ability to handle the situation the political crisis has eventually affected the form of government. For this Yuan-hung realizes that he owes the country apology. The situation in Peking is daily becoming more precarious. Since Yuan-hung is now unable to exercise his power the continuity of the Republic may be suddenly interrupted. You are also entrusted by the citizens with great responsibilities. I ask you to temporarily exercise the power and functions of the President in your own office in accordance with the provisions of Article 42 of the Provisional Constitution and Article 5 of the Presidential Election law. As the means of communication is effectively blocked it is feared that the sending of my seal will meet with difficulty and obstruction. Tuan Chih-chuan (Tuan Chi-jui) has been appointed Premier, and is also ordered to temporarily protect the seal, and later to devise a means to forward it on to you. Hereafter everything pertaining to the important question of saving the country shall be energetically pushed by you and Chih-chuan with utmost vigour. The situation is pressing and your duty is clear. In great anxiety and expectation I am sending you this telegram.

YUAN-HUNG

[Inclosure 2]

[From the *Peking Gazette*, July 4, 1917]*July 3. To Vice President Feng, Tuchuns and Governors of the Provinces, Provincial Assemblies, Inspector General Lu:*

I presume that the two telegrams dated 1st and one dated 3d inst. have safely reached your place. With bitter remorse to myself I now make the statement that the political crisis has resulted in affecting the form of Government. Tuan Chih-chuan has been appointed on the 1st instant as Premier; and the Vice President has been asked to exercise the power and functions of the President in accordance with law. Pending the formal assumption of office by the Vice President, Premier Tuan is authorized to act at his discretion. All the seal and documents have been sent to Tientsin, and Premier Tuan has been told to keep and guard the same for the time being. He has also been asked to forward the same to the Vice President. The body guards of the President's Office have suddenly been replaced and I have been pressed to give up the Three Lakes. Yuan-hung has therefore removed to a hospital. As regards the means to save the country I trust that you will consult and work unitedly with Vice President Feng and Premier Tuan. In great expectation, and with much of my heart not poured out. Yours,

YUAN-HUNG

[Inclosure 3—Translation]

JAPANESE OFFICIAL STATEMENT

[From the *Peking Gazette*, July 4, 1917]

President Li, accompanied by two members of his staff, came at 9.30 on the evening of July 2 to the residence of General Saito, Military Attaché of the Japanese Legation, and asked protection for him. He arrived in a spontaneous manner and without previous notice.

Under these circumstances, the Imperial Japanese Legation, following international usage, has decided to accord him the necessary protection and has placed at his disposal a part of the military barracks.

The Legation further declares that as long as President Li remains there, it will not permit any political action on his part.

[Inclosure 4]

VIEW OF THE DIPLOMATIC CORPS

[From the *Peking Gazette*, July 4, 1917]

The following is a translation of the Chinese version of the view expressed by the Diplomatic Corps regarding the situation in Peking as officially conveyed to the authorities concerned through the Netherland Minister: While it is not the

intention of the Diplomatic Corps to interfere with China's internal affairs, the Diplomatic Corps consider it necessary to suggest a method by which the likelihood of bloodshed in Peking may be avoided. In the opinion of the Diplomatic Corps the most effective method is for General Chang, who has already resigned and his soldiers to surrender their arms to responsible authorities and at the time General Tuan should make a declaration guaranteeing the lives of Chang Hsun and his troops.

File No. 893.00/2704

Minister Reinsch to the Secretary of State

[Extract]

No. 1587

AMERICAN LEGATION,
Peking, August 10, 1917.

SIR: Referring to my despatch No. 1557 of the 3d ultimo, and to previous correspondence on the subject, I have the honor to enclose copies of the despatches⁴ listed below from the various consulates in China, in regard to the political situation in the provinces.

From these despatches it will be seen that the restoration movement brought about by General Chang Hsun did not receive the support of the provinces. While this was especially true of the southern provinces it was also the case in Hunan and Hupei, the military governor of the latter, General Wang Tsan-yuan, going to the extent of ordering the provincial officials to turn all revenue into the provincial treasury until a Republican Government should be restored in Peking.

The despatches from the consulate at Nanking give an account of President Feng's attitude during the campaign against General Chang and up to the time of his coming to Peking, while the despatches from Shanghai and Canton deal with the activities of the Kuo Min Tang parliamentarians.

The trouble in Szechuan is daily growing worse and the Peking authorities seem powerless to suppress the anarchy which has prevailed there during the last three or four months.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2687

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington August 16, 1917, 6 p. m.

It is reported here that there is considerable dissatisfaction in China with present Peking Government and that a military Government in opposition has been established at Canton. It is said that thirteen provinces are supporting the Peking Government and nine the Canton Government.

Report by telegraph present outlook and status of situation and whether opposition to Peking Government has reached proportions stated. Repeat to Canton and ask for telegraphic report.

LIANSING

⁴Not printed

File No. 893.00/2695

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, August 21, 1917, 4 p. m.

Your telegram of August 16, 6 p. m. No other Government has been organized in the south although Sun, Tang and Wang and other Kuo Min Tang members are still attempting to assemble parliament at Canton. Fighting between the north [and] south is not considered to be likely as the Canton military officials are not in full sympathy with parliamentary party. President Feng appears to desire an understanding and may even favor reconvening Parliament. Tuan is opposed to this. President and Prime Minister are professing harmony but divergence of policy is apparent.

The war proclamation of the Chinese Government has been accepted by the Canton local authorities. This would appear to be recognition of the Central Government.

Separatist feeling at Canton and parliamentary agitation may continue discord but compromise seems likely unless foreign assistance should encourage South. At present the Japanese support Tuan whose cabinet contains several pro-Japanese but Consul General at Canton reports that some Japanese financial assistance is probable there.

REINSCH

File No. 893.00/2696

AMERICAN LEGATION,
Peking, August 22, 1917, 8 p. m.

My telegram August 21, 4 p. m. The President informs me that eighteen provinces have accepted the plan of a provisional National Council of five members from each province which is to complete the Constitution and parliamentary election law. Kwangtung, Kwangsi, Yunnan, have not yet agreed but he hopes to persuade them.

REINSCH

File No. 893.00/2711

Minister Reinsch to the Secretary of State

No. 1592

AMERICAN LEGATION,
Peking, August 23, 1917.

SIR: I have the honor to enclose for your information two despatches⁴ of the Consuls General at Canton upon the situation there with respect to the effort to reassemble Parliament and to set up a Provisional Government.

From the point of view of general principles the parliamentary element and such men as C. T. Wang deserve a great deal of sympathy in their efforts to maintain the popular rights of representation against the more autocratic forms of government. Moreover, while the dissolved Parliament was by no means ideal, yet it had made evident progress in experience and political understanding.

⁴Not printed.

The factors which oppose the success of the enterprise of the Kuo Min Tang leaders at Canton are as follows. The nation is not deeply interested in the dissolved Parliament, which had not impressed itself upon the people through ability, signal success or public service. Restoration of this particular Parliament is therefore not easily made a popular war cry. The most prominent leaders Sun Yat Sen and Tang Shao-yi are discredited through their extreme radicalism and for other reasons. The military authorities at Canton are reluctant to put themselves entirely under such leadership; they appear opposed to the idea of a separate government. The Navy, which supports the radical element for some reason or other, does not count for much in the sum total of national affairs. The main factor is undoubtedly that there is no large supply of money with which to finance a separate government and military expeditions. Although it is reported that some money was advanced through German sources before the declaration of war and although there had been negotiations for Japanese support, it is evident that large amounts have not been realized.

The attitude of the Peking Government is as follows. The Premier desired to prepare for military action against the South. The President on the other hand, who has put himself in control of the military situation in the Yangtze Valley, seems to prefer to pursue a waiting policy and appears to be making efforts for arriving at an understanding with the Kuo Min Tang leaders of the South, especially those of more moderate tendencies.

I beg to refer also to my telegram of August 21, 4 p. m. dealing with this matter.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2712

Minister Reinsch to the Secretary of State

[Extract]

No. 1598

AMERICAN LEGATION,
Peking, August 24, 1917.

SIR: I have the honor to report on the reception accorded the note of the American Government which, under your telegraphic instruction of June 5, I delivered to the Minister for Foreign Affairs on June 7.

In my interview with Doctor Wu Ting-fang, Minister for Foreign Affairs, on this occasion, I expressed myself with respect to the motives of the American Government in making this declaration, in substance as follows:

Having on February 4 addressed to the Chinese Government an invitation to take action similar to that of the United States in severing relations with Germany and having under date of February 9 received the assurance that the Chinese Government fully associated itself with the action of the United States, the American Government feels morally responsible that there should be no misunderstanding as to the implications of its invitation: that the United States and all other countries engaged in war against Germany would welcome the participation of China in behalf of the rights of humanity if such participation should be prompted by the interests, the conscience

and the sympathies of the Chinese people as manifested by their constitutionally established executive and legislative representatives; but that the Government of the United States, conceiving the war to be one for the principle of democracy, would deplore any construction of its invitation which would lend itself to the idea that it contemplates any coercion or restriction upon the freedom of action of the Chinese people in determining through their appropriate and recognized national authorities their relation towards the issues at stake in the war.

Doctor Wu Ting-fang expressed himself as highly gratified that the American Government should, at a time of great internal difficulty, show its good-will towards China, not by openly or secretly supporting one or the other party, nor seeking to draw advantage from the troubles of China, but by prominently bringing to the attention of all factions the compelling need of national unity.

Through two personal messengers, Doctor J. C. Ferguson and Roy C. Anderson, Esquire, I brought the note of the American Government directly but unofficially to the attention of the opposition leaders then assembled at Tientsin. They also acknowledged the good motives of the American Government as well as the soundness of the advice. General Tuan Chi-jui stated on this occasion that he had totally disinterested himself in all policies.

The reception of the note by the Chinese press was equally favorable. There is herewith enclosed an editorial from the *Peking Gazette* of June 8, on this subject.⁴

At this time there came an irruption of excited criticism and invective directed against the American action on the part of the Japanese press in Japan and China. The burthen of their song was that the United States should have consulted Japan before addressing the Chinese Government and that the action of the United States constituted interference in the domestic affairs of China. This matter was reported in my telegram of June 12, 8 p. m.

The Chinese press quite unanimously repudiated the Japanese claims and accusations. The translation of a characteristic editorial from the *Sin Wen Pao* of June 13 is herewith enclosed.⁴ The general substance of such editorials was that the Chinese people welcome America's advice and recognize its timeliness; and that as China is not a dependency of Japan, that country has no right to ask explanations.

It is my belief that the American note of June 7 will have a lasting effect upon public opinion in China. When it is sometimes stated, as it has been in some of the European papers in the Far East and in practically all of the Japanese papers, that the note produced no result, it is thereby assumed that the note was intended to strengthen the hands of a party and to produce a direct result upon the distribution of political power in China. It has, however, by this time become quite perfectly plain and has been accepted by the public opinion of the Far East that such was not the motive which inspired the American Government.

The permanent good effect of the note was exercised in making abundantly clear that the American Government did not desire the war issue used for the purpose of enabling any faction or party to override the general and free determinations of the Chinese Govern-

⁴Not printed.

ment and people. This has made everyone more cautious in the manner of urging the war action upon the Chinese. The effect produced by the note has been to emphasize in the minds of the Chinese of all parties and of all provinces the primary importance of subordinating all other wishes to the maintenance of national unity and of representative institutions. In this way the note has contributed and will continue to contribute towards strengthening Chinese nationalism and the desire for an efficient and representative central government.

From all directions has come testimony upon the good effects of the American note. The Consul General at Canton, the political centre of the South, reports, "The note presented by the American Government to the Chinese Government deploring the internal dissension in China and urging the necessity for national unity was warmly welcomed by the Cantonese officials and press."

In a conversation which I had with President Feng Kuo-chang on August 22, he brought up the subject of the American note and spoke of the salutary influence which it had exercised upon public opinion in China. Far from being regarded as undue interference in Chinese internal affairs, the note is considered as an additional assurance by the Chinese people that the American Government desires to see China so well organized that no such interference from any source will be possible.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2697

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, August 29, 1917, 3 p. m.

My August 22, 7 p. m. Acting President Feng is now favoring early election compatible with [to?] Parliament as means of conciliating South.

REINSCH

File No. 893.00/2700

The British Ambassador to the Secretary of State

MEMORANDUM

BRITISH EMBASSY,
Washington, September 3, 1917.

The Japanese Embassy in London has communicated to His Majesty's Principal Secretary of State for Foreign Affairs a memorandum concerning the internal situation in China. The memorandum advocates the support of the Central Government and the withholding of encouragement or material assistance from its opponents.

His Majesty's Government being convinced that the adoption by all the Allied Powers of a policy based on these lines affords the best prospect of the restoration of order in China have communicated to the Japanese Ambassador in London their readiness to adhere to the policy outlined in his memorandum.

CECIL SPRING RICE

File No. 893.00/2701

The Japanese Embassy to the Department of State

[Memorandum handed to the Secretary of State by the Japanese Ambassador, September 4, 1917]

The internal situation in China has not failed to engage the serious attention of the Japanese Government. While it does not seem at this moment to justify absolute assurance of the maintenance of general peace and security in that country, it has evidently shown a steady improvement since the downfall of General Chang Hsun in his abortive attempt at the restoration of monarchy. The Ministry formed under the presidency of General Tuan Chi-jui, with the co-operation of the leaders of the Progressionists, did not in its earlier stages evince a sufficient degree of stability. Everything seemed to depend upon the attitude of General Feng Ko-chang, Vice President of the Chinese Republic. His arrival at Peking and the definitive resignation of President Li Yuan-hung have cleared the situation. According to the intelligence which reached the Japanese Government, the new President and the Prime Minister of China are apparently persuaded of the importance which their loyal and sincere collaboration has for the good of the country. The fact of the declaration of war on Germany and Austria-Hungary may be taken as a proof of the harmonious accord existing between these two statesmen. At the present moment when all nations at war with Germany are confronted with such grave responsibilities, when China has just ranged herself on their side, nothing would be more prejudicial to their interests as well as to the interests of China than the continuance of domestic troubles consequent upon the absence of a strong and capable authority in Peking. Without anticipating the course of events, the Japanese Government are of the opinion that, under the existing condition of affairs in China, the present Government at Peking enjoy an authority sufficiently strong and capable for the maintenance of order and tranquility in that country. The Japanese Government have no intention of showing, nor have they any reason to show, any preference for either of the political factions in China. They are, however, convinced that all the foreign Powers ought in their common interest to lend their sincere and effective support to that government which represents the sole legal authority in China at present and that it is of the utmost importance for them to withhold any encouragement or material assistance to individuals or associations seeking to overthrow the Government at Peking. The Japanese Government confidently hope that the United States Government will share the views above indicated.

File No. 893.00/2700

The Secretary of State to the British Ambassador

MEMORANDUM

The Department of State has received from his excellency the British Ambassador a memorandum dated September 3, 1917, stating that the Japanese Embassy in London has communicated to the British Government a memorandum concerning the internal political situation in China and advocating the support of the Central Govern-

ment by cooperative measures among the Allied Powers. The Department of State notes that His Britannic Majesty's Government have given adherence to the policy outlined in the Japanese Ambassador's memorandum.

A memorandum apparently similar to the one communicated to the British Government by the Japanese Ambassador in London has been handed to the Department of State and that Department is disposed to favor in principle the proposals of the Imperial Japanese Government as set forth in its memorandum. Furthermore, the Department of State suggests that the principal Powers at war with Germany ought at once to confer together and agree upon the best method of supplying to the Central Government of China the effective support to which the memorandum of the Imperial Japanese Government refers.

DEPARTMENT OF STATE,
Washington, September 6, 1917.

File No. 893.00/2701

The Secretary of State to the Japanese Ambassador

MEMORANDUM

The American Government shares in principle the views expressed by the Imperial Japanese Government in the memorandum handed to the Secretary of State by His Imperial Japanese Majesty's Ambassador on September 4, 1917, stating that the Japanese Government have no intention of showing nor have any reason to show any preference for either of the political factions in China and that they are convinced that all the foreign Powers ought in their common interest to lend their sincere and effective support to that government which represents the sole legal authority in China at present and that it is of the utmost importance to withhold any encouragement or material assistance to individuals or associations seeking to overthrow the Government at Peking.

The American Government moreover is of opinion that the principal Powers at war with Germany ought at once to confer together and agree upon the best method of supplying that effective support to which the memorandum under acknowledgment refers.

DEPARTMENT OF STATE,
Washington, September 6, 1917.

File No. 893.00/2724

Minister Reinsch to the Secretary of State

[Extract]

No. 1634

AMERICAN LEGATION,
Peking, September 27, 1917.

SIR: I have the honor to enclose for your information copies of the following despatches from the Consulates at Chungking and Canton: * They are forwarded on account of the information they contain

*Not printed.

on the situation in the provinces which are not at present in accord with the Central Government, that is Szechuan, Yunnan, Kwangtung and Kwangsi.

The following facts are detached from information which has come to me through conversation with the Acting President, the Premier and other high officials and from other sources.

The factors present in the exceedingly complicated situation in the South of China are the following: The Kuo Min Tang members of Parliament, led at present by Sun Yat-sen whose personal influence is however said to be on the wane, so that it is considered likely he will have to give way to less radical leaders. General Lu Yung-ting, who while keeping up his connection with the Central Government is supporting the principal demands made by the South; he is believed to be aiming for the Vice Presidency in the next election but the Premier stated to me that this was out of the question on account of the origin of Lu Yung-ting (he began his career as chief of a robber band). General Chen the military governor of Kwangtung and the two civil governors of Kwangtung and Kwangsi are in communication with the Central Government, although at the present they seem to have been induced to give a certain amount of countenance to the Provisional Government of Canton. The situation in Szechuan is so confused that it defies analysis. I have been informed by a prominent member of the government that the Chin Pu Tang members of the Cabinet are particularly involved in the situation in these two provinces, which they desire to use for the purpose of maintaining their importance in the Government. The most violent opposition was made on the part of Southern leaders generally against the appointment of General Fu Liang-tso as Tuchun of Hunan; though the Consul General at Canton, General Chen informed me that the demands with respect to the convocation of Parliament and the restitution of Acting President Li might be discussed, but there must be no mistake about the dismissal of General Fu Liang-tso. It was also reported from Hunan that there would be local opposition to his appointment. Both the Acting President and Premier, however, upheld his appointment stating to me that he had been selected on account of his good standing in Hunan of which province he is a native. When I asked why the South directed special opposition to him, I was told that this was done because it was feared in the South that General Fu Liang-tso would prevent the Province of Hunan from becoming a pawn in the political game played by the South. Those who believe that there is a secret but intense rivalry between the Premier and the Acting President hold that each one is trying to utilize the factors in this complicated game for the advancement of his interests. Meanwhile it appears that Mr. Liang Shih-yi on the part of the so-called Communications party, represented in the Government by Mr. Tsao Ju-lin and Mr. Yeh Kung-cho, respectively Minister and Vice Minister of Communications, is trying to make a combination with the moderate elements of the Kuo Min Tang party in Canton.

The above summary will appear far from intelligible, but it corresponds to the existing situation in which a great number of incongruous political and personal factors are present which are utilized in a rivalry for political power between the Northern military party, the Chin Pu Tang and the Kuo Min Tang, each in turn subdivided

by personal groupings. Such national questions as the convocation of the Parliament, finance and military policy are viewed from the prospect of the approaching Presidential election and of the Parliamentary elections which will have to precede this. Every factor is closely calculated in its bearing upon this political contest. The efforts to obtain funds from abroad are also stimulated by the desire of all parties to get control of the proceeds of foreign loans. In this, of course, they frequently work at cross purposes on account of their conflicting interests. Thus a loan obtained and administered by the Minister of Finance (Chin Pu Tang) will be bitterly decried by the Kuo Min Tang and will not be welcome in that form to the Northern military and the Communications party; and vice versa for all the stated combinations.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2715

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, October 1, 1917, 10 p. m.

Mandates made public yesterday providing for, first; establishment of a National Council to meet here within a month for the purpose of revising and enacting laws concerning parliamentary organization and elections, but to perform no other legislative functions: second; establishing a special bureau to prepare for the early convocation of Parliament: third; ordering arrest of Sun Yat-sen and Wu Ching-lien and investigation of other members of the Provisional Government and of extraordinary parliament now in session at Canton.

[Unsigned]

File No. 893.00/2735

Minister Reinsch to the Secretary of State

No. 1658

AMERICAN LEGATION,
Peking, October 9, 1917.

SIR: I have the honor to enclose copies of a translation of the Mandates issued on September 29, which provide for the convocation of Parliament, the summoning of a preliminary National Council, and the punishment of Sun Wen, Wu Ching-lien and others concerned in the establishment of a provisional military government at Canton.

I have [etc.]

PAUL S. REINSCH

[Inclosure]

[From the *Peking Daily News*, October 2, 1917]

The following three mandates, dealing with the preparation for the convocation of Parliament, the calling of the National Council and the punishment of Sun Wen, Wu Ching-lien, etc., which were sealed by the President and countersigned by the Cabinet Ministers on Friday [September 28, 1917], were promulgated on Saturday evening and which we issued on Sunday morning as an extra:

CONVOCACTION OF PARLIAMENT

The convocation of Parliament is provided for in Article 53 of the Provisional Constitution. It is of paramount importance that with the revival of the republican form of government all those organs of the Government as are provided for therein should be established. The Ministry of the Interior is hereby instructed to establish in accordance with the precedent obtaining in the First Year of the Republic a special bureau for the preparation of the convocation of the National Parliament, so that all matters connected with the election of members can be facilitated.

NATIONAL COUNCIL AND ITS WORK

The original Parliamentary Organization Law and the law governing the election of members of the two Houses of Parliament were passed by the former National Council in the First Year of the Republic and promulgated by the late President Yuan Shih-kai. However, owing to the impracticability of these laws, many political upheavals have been caused during the past few years. Under the present circumstances it is most important that these laws should be speedily revised. The high officials of the provinces, Mongolia, Tibet and Chinghai are hereby ordered to elect and appoint in accordance with law members of the National Council so that they will be able to arrive at Peking within a month's time and organize the National Council for the purpose of revising and passing the Parliamentary Organization and Election Laws. Apart from this function, all other legislative duties shall be carried out by the formal Parliament to be convened in accordance with law, so as to emphasize the importance of the Legislature.

REBELS IN CANTON

Sun Wen, Wu Ching-lien and others have recently circulated a telegram throughout the provinces unlawfully stating that an extraordinary parliament had established a military government and elected Sun Wen as its generalissimo, and that the latter had assumed the said illegal office on the 10th of the present month. The telegram also announced the illegal appointment of various Ministers, a Chief of the General Staff, and a Commander-in-Chief, and issued many illegal orders calculated to incite the Army to rebellion.

A report has since been received from Chang Tso-ling, Tuchun of Fengtien, stating that several arrests have been made lately in his province of men appointed by Sun Wen to enlist the help of Hunghutze banditti in preparation for a general rising and that substantial evidence concerning the plot has been obtained, etc. It is therefore clear that the actions of Sun Wen, etc., are aimed at overthrowing the present legally constituted Government and precipitating anarchical conditions in the country. Unless such men are punished it is difficult to uphold the supremacy of the law. All high military and civil officials throughout the country are hereby ordered to effect the arrest of the said Sun Wen and Wu Ching-lien and to hand them over to the courts of justice to be dealt with in accordance with law. The said Sun Wen and Wu Ching-lien are hereby deprived of their Orders of Merit and decorations, and investigations shall also be conducted concerning those who are holding posts in the said illegal military government and others who are attending the extraordinary parliament as members, in order that they may also be severely dealt with accordingly.

File No. 893.00/2736

Minister Reinsch to the Secretary of State

No. 1664

AMERICAN LEGATION,
Peking, October 12, 1917.

SIR: I have the honor to report on the political situation as follows:

1. The election of members of the National Council is proceeding and it is expected that the Council will assemble at the appointed time (November 1). Preparations for the election of the succeeding Parliament have also begun to be made; although the definite arrangements will have to wait the determinations of the National Council with respect to the size and the mode of election of the coming Parliament.

2. The so-called provisional military Government under Sun Yat-sen in Canton thus far exists only in name. It could become of real importance only if the differences between the northern and southern military should not be settled, in which case the latter might fall back upon and utilize the organization attempted by Sun Yat-sen and his followers. For reference in connection with this, there is herewith enclosed despatch No. 42 dated September 13 of the Consulate General at Canton.⁴

3. The southern military party under the leadership of General Lu Yung-ting and Governor Chien Pi-kung of Kwangtung, is still maintaining its attitude of opposition to the Central Government. Military action even is taking place between troops of the two parties in southern Hunan. The questions which divide these parties are, however, largely personal. The southern Generals demand the removal of Governor Fu Liang-tso of Hunan, a representative of Premier Tuan; and the Central Government has held out hopes that General Fu might be recalled in a short time. The controversy therefore has little to do with public policy, and is rather one of personal differences involving rivalries among the different military factions and opposition on the part of the South to the strengthening of the personal control exercised by the Premier as Minister of War.

In this connection I have the honor to report that the Premier has in recent conversations explained to me his general policy. It is his purpose that the military power in China should be made national and unified in order that the peace of the country cannot be at all times disturbed by local military commanders. When the military power has been thus unified, it is the intention of the Premier to take it entirely out of politics and to devote it to its proper military purposes. It is his purpose that when the Army can no longer be used for factional disputes, to leave the public men of civil life entirely free to settle the questions of the Constitution of the Government including Parliament, and of public policy. This is undoubtedly an enlightend programme and if it could actually be carried out in the sense in which the Premier now presents it, it would unify China and liberate the activities of political life. I believe that the Premier is sincere in his efforts. His opponents, however, fear that a consolidated military power would after all be used politically to accomplish the reestablishment of Yuan Shih-kai's system of military dictatorship.

4. As the controversy between the northern and southern military centres about the personal influence and power of Premier Tuan, it was believed by many that the Acting President, General Feng Kuo-chang would have the forces in central China who support him, observe an attitude of neutrality while of course outwardly supporting the authority of the Central Government. It would appear, however, that the Acting President and Premier are continuing to cooperate. It is considered possible that General Tuan may temporarily withdraw for the sake of harmony; but his prestige and the confidence in his integrity are great and have been gaining in strength constantly, so that it would appear likely that General Tuan will

⁴ Not printed.

surely continue to play a leading part, and that his withdrawal might be a step towards his accession to the Presidency at the next election. Younger men of great ability in the Government, who have little confidence in the power of the old-time leaders to do anything for China, look to General Tuan as the man under whose leadership they would have the greatest opportunity to build up the Government. The strength of General Tuan lies however, not so much in constructive ability or knowledge of men or administrative talent, in all of which he is not deemed eminent, but in wisdom and in honesty of purpose.

For your information, concerning the situation in Hunan, there are enclosed copies of despatches No. 165 and No. 166 from the Consul at Changsha. The former, and the last paragraph of the letter are specially informing.⁴

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2733

Minister Reinsch to the Secretary of State

No. 1697

AMERICAN LEGATION,
Peking, October 27, 1916.

SIR: I have the honor to enclose for your information four despatches dealing with the political situation in disaffected provinces.⁴

The despatch from Canton (No. 45, of October 9) indicates that the southern military authorities have not yet taken up the so-called provisional military government organized under Sun Yat-sen. The acceptance of the post of Vice Minister of Foreign Affairs by Mr. Wu Chao-chu, would seem to indicate that the more responsible elements in China are ready to take some stock in the provisional government. Should the attempt of the provisional government to obtain funds be successful, the military leaders would undoubtedly be more ready to ally themselves with it. The despatch from Canton also indicates that the action of the southern military leaders is based not so much on opposition to General Fu Liang-tso but is animated by a general desire to escape the action of the Central Power in unifying military administration.

The despatch from Changsha (No. 171 of October 6) attributes the political confusion in that province to the constant desire of the provincials to have things their own way without interference from Peking; the Consul at Changsha therefore concludes that the previous authorities in Hunan are to be held responsible for the present unfavorable situation.

The despatch from Chungking (No. 49 of October 2) would seem to indicate that out of the inextricable confusion reigning in that province there is emerging a tendency of the forces at play to group themselves in a manner more favorable to the Peking Government.

I have [etc.]

PAUL S. REINSCH

⁴Not printed.

File No. 893.00/2744

Minister Reinsch to the Secretary of State

No. 1749

AMERICAN LEGATION,
Peking, November 20, 1917.

SIR: I have the honor to report that on November 16, 1917, General Tuan Chi-jui, the Prime Minister, and his whole Cabinet, resigned. On November 17 extended meetings took place between the Cabinet and the President, at the end of which the resignations were withdrawn. Today it is again expected that the resignation of the Premier will very shortly be again presented. Even should he remain, it is likely that the Chin Pu Tang members of the Cabinet will resign.

As I previously intimated, it was not unlikely that the Premier would voluntarily withdraw in order to facilitate harmony between the North and the South, with the expectation that he would return to power later with a good chance of becoming President. The desire for retirement has come sooner than was anticipated. In the meantime the authority of General Tuan has been greatly weakened. His representative, General Fu Liang-tso, can not maintain himself as Tuchun of Hunan; as previously reported this official was made the subject of concentrated attacks on the part of General Tuan's opponents, who desired to test the latter's authority at this point.

The attempted dismissal of General Meng, the Tuchun of Kirin, proved unsuccessful. Orders given to General Lu, the officer in command at Shanghai, instructing him to give military support to General Fu Liang-tso, were disregarded by the latter, though of course in polite terms.

The result of these various instances of defiance of authority was that though the power of General Tuan's Cabinet rests avowedly upon a military basis, its military orders did not carry beyond Peking.

There is no question that General Tuan's authority was greatly weakened through the common conviction on the part of the Chinese that certain members of his Cabinet, particularly Mr. Tsao Ju-lin, the Minister of Communications, as well as General Hsu Shu-tseng, Vice Minister of War, had fallen completely under Japanese influence and were attempting to put through certain contracts and agreements highly unfavorable to China. The popular dissatisfaction on this score came to a head when the viceroys of the Yangtse River provinces addressed the Central Government with the demand to make explanations on that point. The nature of the charges currently made against the Cabinet of General Tuan will be apparent from the enclosed newspaper articles which cover the period of the past ten days.

The National Council, which has been convoked and had its inaugural meeting on November 10, has not strengthened the Central Government, and its existence has already become a negligible factor.

Foreign opinion was typified by the following statement made to me by one of the most experienced of my colleagues:

The universal disapproval of General Tuan's Cabinet is a promising sign, it shows that there is a limit to what will be endured by the Chinese people. Moreover, it proves that the attempt to govern by military power without regard to the

underlying principles of the Constitution can not be successful. General Tuan's authority is so shaken that his retirement can be a question only of a short time. It is a pity that he did not surround himself with better advisers.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2741

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, November 21, 1917, 8 p. m.

The Prime Minister has again resigned. Have reliable information to the effect that all Ministers will resign tomorrow. General Wang Shi-chen, Chief of Staff has been appointed Minister of War and will become Prime Minister after arranging a new Cabinet. Meanwhile Tien, ex-governor Honan, will act. It is expected Kuo Min Tang will participate new Government with Chihli party. Status of communication party uncertain. Tsao spared no efforts to be kept. The change is considered wholesome as the present Government rested on too narrow a foundation. It is probable that Parliament will be convened speedily.

REINSCH

File No. 893.00/2740

AMERICAN LEGATION,
Peking, November 23, 1917, 9 p. m.

Resignation of General Tuan accepted. Minister of Foreign Affairs designated temporary Premier. Have private information to the effect that General Tuan would like to devote himself to work for assistance to Allies in the war. I believe he could advantageously be intrusted with this matter. His personal honesty and loyalty are generally recognized and his appointment as high commissioner for the above purpose would be widely approved.

REINSCH

File No. 893.00/2731

The Secretary of State to the Secretary of War

DEPARTMENT OF STATE,
Washington, November 26, 1917.

SIR: I have the honor to quote for your information and for such action as you may deem appropriate an excerpt from a despatch of October 9, 1917, from the American Consul General at Canton, China, regarding certain activities of the revolutionary government in that country:

The military government is in imperative need of funds. If it succeeds in obtaining \$10,000,000 through the sale of its bonds, \$2,000,000 is to be given to General Lu and a similar amount to General Tong. These leaders have always expressed the fear that the military government would prove a financial drain on their already practically depleted stock of funds. In being given this money they would see that the military government, instead of being a drag, is of material assistance. Three members of the Kuo Min Tang, including Sun Fo, the son of Sun Yat-sen, and Wong Chen-yun, a former commissioner of education of Fukien, left Canton on the 6th instant for Manila. They are holders of section six certificates, as travelers, issued by the local Commissioner of Foreign Affairs and

visaed by me. These men plan to spend several months in the Philippine Islands, after which they will proceed to Java and the Straits Settlements, at all of which places they will endeavor to dispose of bonds to the Chinese residents.

The matter of the proposed sale in Hawaii of bonds of the new revolutionary government in South China was brought to the Department's attention some weeks ago by the Chinese Legation here, whereupon the Department advised the Departments of the Treasury, Justice, Post Office and Labor and suggested that they might wish to communicate with the proper officials of their Departments, with a view to preventing, if possible, the admission of these bonds to the United States or Hawaii and their sale to an unsuspecting public.

This matter is brought to your attention with the suggestion that you may possibly wish to take steps to prevent the sale of these bonds or the future importation of similar bonds in the Philippine Islands.

For your confidential information I have to state that the latest information which the Department has received from the Consul General at Canton and the Chinese Minister here indicates that the movement in the South has not resulted in the establishment of any responsible, independent government in that region.

I have [etc.]

ROBERT LANSING

File No. 893.00/2751

Minister Reinsch to the Secretary of State

No. 1788

AMERICAN LEGATION,
Peking, December 7, 1917.

SIR: In connection with my despatch No. 1775 of December 3, relating to the new Cabinet, I have the honor to report that the hopes which have been entertained for a speedy compromise between the Northern and the Southern leaders have for the present come to naught. A conference was held at Tientsin on December 4, attended by the Northern Tuchuns, or their representatives, particularly General Tsao Kun of Chihli, General Ni Shih-chung of Anhwei, General Chang Tso-lin of Manchuria, and General Chan Huai-chi of Shantung. This conference decided that the military operations against the South should be continued with all energy, and that a force of 200,000 men should be sent against the South; moreover, that ample funds for this undertaking must be immediately provided. The latter is considered to be the gravamen of the action of this official conference. None of these generals, it must be stated, are noted for their military exploits. It is to be feared that they contemplate the hiring of large forces of coolies, primarily for the personal profit and power which will thereupon result to them individually. Aware of the fact that the finances of the country are likely to be improved by the temporary postponement of the Boxer Indemnity payments, and through further release of salt revenue, they desire to make sure that most of the funds secured in this manner by the Government will come under their control.

I have specifically reported on this matter because if any financial assistance—such as loans, postponements of payments due, etc.—is really to benefit China rather than to impose a burden or entail waste, it is necessary that precautions should be taken against the

moneys being employed as contemplated by these Northern generals, partly for continuing internal war, partly for increasing their personal wealth and importance. The people of China are thoroughly weary of civil war, and it is to be hoped that the sane and patriotic thought of the nation will be given expression in an early arrangement for a re-united national government.

The most important men in China at present are all at the bottom of their hearts in favor of peace: General Tuan Chi-jui, Acting President Feng Kuo-chang, General Li Hsun of Nanking, and Lu Yung-ting of the South. The difficulty is in bringing them and others of like sentiments together in effective action.

I have [etc.]

PAUL S. REINSCH

File No. 893.00/2755

Minister Reinsch to the Secretary of State

No. 1803

AMERICAN LEGATION,
Peking, December 17, 1917.

SIR: I have the honor to enclose herewith despatches Numbers 49, 50 and 52, from the Consulate General at Canton,⁴ covering the period from November 2 to December 4, and reporting on the development of the political situation there. On December 13, the Consul General telegraphed the following information:

The acting Military Governor, Mo, had assured the Consul General that General Lu Yung-ting would resume complete allegiance to the Central Government on condition, as a *sine qua non*, that the dissolved Parliament should be reconvened and the provisional Constitution observed until the promulgation of the permanent Constitution. From this it is apparent that General Lu Yung-ting and the progressive parliamentary leaders at Canton, who have now been joined by Dr. Wu Ting-fang, have come together, and that General Lu is therefore emphasizing the reconvening of the old Parliament as an essential condition of peace. The punishment of the leaders who caused the dissolution of Parliament was also mentioned, but it was stated that only such punishment was desired as would discourage similar action in the future. It was suggested that all other differences could be placed in the hands of a peace commission.

The Consul General at Canton reports that Dr. Wu Ting-fang and other progressive leaders have intimated to him that in case of arbitration, the American Minister, representing the President of the United States, would be acceptable to them as mediator. The suggestion has been made in the *North China Daily News* (British) that mediation affords the only practical solution between the North and South, and that mediation by the British and American Ministers is desirable. These suggestions, as reported by the Consul General at Shanghai, in his despatches Nos. 1612 and 1646,⁴ are herewith forwarded. It goes without saying, that neither the British Minister nor myself have given any consideration to this matter, as we have not been officially approached.

I am [etc.]

PAUL S. REINSCH

⁴ Not printed.

FINANCIAL AFFAIRS.¹¹ INVITATION FOR THE REENTRY OF THE AMERICAN GROUP INTO THE SIX-POWER CONSORTIUM. ATTITUDE OF THE AMERICAN AND BRITISH GOVERNMENTS. LOAN CONTRACTS BETWEEN THE CHINESE BANK OF COMMUNICATIONS AND THE JAPANESE BANKING GROUP. REQUEST FOR A WAR LOAN FROM THE UNITED STATES GOVERNMENT. PROPOSAL TO ADMIT BELGIUM TO THE CONSORTIUM. PROPOSAL FOR A SECOND CURRENCY REFORM LOAN. ADVANCE OF YEN 10,000,000 BY THE JAPANESE GROUP.

File No. 839.516/53

Minister Reinsch to the Secretary of State

No. 1337

AMERICAN LEGATION,
Peking, January 10, 1917.

SIR: In connection with the loan of the Continental and Commercial National Bank and in continuation of my despatch (No. 1295) of December 8th,¹² I have the honor to report as follows. I have had some conversations with His Excellency, the President of China, and with the Minister of Finance, in which they brought up the matter of the use of any funds which might be obtained from American loans in the near future. It is their intention that the major portion of such funds shall be used for the establishment of an industrial bank.

As to the organization of such a bank two alternatives are suggested. Either there could be organized a stock-company bank, organized in conformity with the legislation of both the United States and China: the capital would be subscribed by Americans and the Chinese Government; the directorate and management to represent both parties. Or the bank could be organized simply as a Chinese Government institution in which on account of the fact that the funds were supplied by an American loan, there would be appointed an American co-manager with full power of concurrent control over all important operations of the bank.

It is intended that the bank should supply funds for enterprises both public and private which deal with the development of the resources, colonization, agriculture and industry, the loans to be secured upon the property of the enterprises concerned. Among the constructive activities thus to be supplied with funds there would be the following, among others: municipal utilities, mining, agricultural colonization, forestry, cattle raising, the building of toll roads, iron works and other manufacturing industries.

The business of the bank would begin with cautious advances to enterprises which could give assurance of abundant returns for a prompt and regular repayment of the loan made. The latter would naturally be for a long term of years repayable in annual installments. In cases where machinery is provided for industries, the presence of the other elements necessary for successful operation would have to be demonstrated.

Any loan made to the Chinese Government for the purposes above stated would have as its security the general guaranty of the Chinese Government fortified more especially by the assignment of some special tax, such as the tobacco and wine tax, which is assigned for the Chicago loan; the security would further embrace the assets of

¹¹Continued from For. Rel. 1916, p. 123.

¹²For. Rel. 1916, p. 146.

the industrial bank and would therefore rest back upon every enterprise, the development of which would be facilitated through this organization.

In the above I have given the merest outline of the proposals which have been made by the Chinese Government. They have been made with a view to securing the cooperation of Americans who are known to be animated with a desire to help China organize herself and would not use an intimate connection for political advantage. These suggestions of the high Chinese officials have been made informally but I feel assured that should the American bankers take up negotiations along these lines the results indicated could be secured. If this banking enterprise were to be undertaken it would create an unequalled leverage for the upbuilding of Chinese economical well-being.

Should this matter be taken up the Legation will of course exert itself to supply the Department and the parties interested with the most complete information possible on every phase of the subject.

I have [etc.]

PAUL S. REINSCH

File No. 893.516/48

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, January 13, 1917, 8 p. m.

My despatch No. 95. [1295.] The President and Minister of Finance have expressed to me their desire to create a strong industrial bank devoting to it the greater part of proceeds of Chicago loan, now being negotiated.

The bank could be made joint Chinese-American enterprise incorporated concurrently in China and in the United States with joint management; or a Chinese Government institution having its capital created chiefly out of the loan, with an American co-manager during the life of the bonds which would be secured not only by general government guaranty and special taxes pledged but also by assets of the bank.

It would be the function of the bank to supply funds for public and private enterprises dealing with natural yields, colonization, forestry, municipal utilities and various manufacturing industries; such loans to be made on basis warranted by assets and definite prospects of enterprise. The bank might also float special industrial bond issues in China and the United States.

This project offers a means of assisting economic development of China along sound lines through an institution whose scope would expand as security and experience warrant. It is eminently desirable that the proceeds of any American loan should have some perpetual destination and that their proper application should be guaranteed through participation in management in order to avoid both international protests as to the purposes of the loan and an unprofitable expenditure of the resources thus supplied.

REINSCH

File No. 893.51/1728

AMERICAN LEGATION,
Peking, January 15, 1917, 6 p. m.

Japanese Minister has handed to Minister for Foreign Affairs note verbale urging that as the Bankers' Syndicate is considering making a loan the Chinese Government should not make any loans elsewhere and stating that the Japanese Group is ready to supply funds immediately for urgent needs.

Minister of Finance informs me that Odagiri, Japanese representative, stated to him that as the Bankers' Syndicate found it difficult to act at present the Japanese Bank was ready to loan immediately 10,000,000 yen on condition, however, that the negotiations with Americans be broken off. When questioned as to the attitude of the other members of syndicate Japanese representative stated Allies satisfied and Germany need not be considered. Minister of Finance dissented and stated that proposed action would be justifiable only if syndicate dissolved.

When Minister of Finance remarked that the sum mentioned would not be sufficient Japanese representative assured him that in a short time larger loan could be provided by syndicate. Minister of Finance believes that after having wrecked American negotiations and secured control Japanese would then offer participation to New York Group. He also fears that should he decline the Japanese offer influence will be exerted to oust him.

I regret to report such manifestations of an attempt covertly to abridge American opportunities and to make our action dependent on Japan. Present difficulty is the fact that all reports concerning alleged protests of the Allied Powers against the American railway and Chicago loan were sent out by Japanese agencies; unfortunately some persons in the United States appear to be walking into trap. Continued prompt independent action on our part is necessary to assure our position which is inherently very strong.

REINSCH

File No 893.51/1737

AMERICAN LEGATION,
Peking, January 23, 1917, 1 p. m.

A rumor is being circulated to the effect that Chicago loan contract provides for such an option as would exclude all other American interests from making loans to China. I beg to request such information as to enable me to make denial or explanation.

REINSCH

File No. 893.51/1728

The Secretary of State to Ambassador Guthrie

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, January 23, 1917, 5 p. m.

The following strictly confidential telegram received from Peking January 15 is sent you for your strictly confidential information. [Quotes telegram of January 15, 6 p. m., from Minister Reinsch.]

LANSING

File No. 893.51/1743

Memorandum

JANUARY 25, 1917.

The Japanese Ambassador called upon the Secretary of State and said that the British Ambassador had mentioned to him a conversation with the Secretary relating to cooperation between Americans and Japanese in loans and industrial enterprises in China.

In reply to an inquiry from the Japanese Ambassador the Secretary stated that the American Government was not opposed to cooperation between Americans and Japanese in China provided the parties interested desired to cooperate, that the United States had no political ambitions in the Far East and therefore had no reason to oppose such cooperation. He stated furthermore that the American Government welcomed such cooperation when free from political designs because it tended to the promotion of international friendship. Where cooperation, however, was sought to promote political objects it rather tended to arouse suspicion than to promote friendship.

One thing, the Secretary said, the American Government could not approve—that was the coercion of China.

The conversation was frank and friendly upon both sides.

The Ambassador inquired about the proposal to cooperate in railway building in Manchuria.

The Secretary replied that the Ambassador must be aware that the American Government recognized that Japan had special interests in Manchuria. Although no declaration to that effect had been made by the United States yet this Government had repeatedly shown a practical recognition of the fact and did not desire to do anything there to interfere with Japan's interests.

"But," asked the Ambassador, "was not the proposal made by the American Minister in Peking?" The Secretary said he did not know of it. "Was it not done then in accordance with instructions from the Department of State?" asked the Ambassador. The Secretary said that he did not recollect any such instruction.¹³

The Secretary called the attention of the Ambassador in this connection to the difference between Manchuria, where Japan's special interests were conceded, and Shantung where no such special interest was recognized.

The Japanese Ambassador said that Germany had claimed special interests in Shantung. The Secretary replied that the United States had never recognized such claim.

The Ambassador then asked what the attitude of this Government was towards the suggested cooperation of American bankers with the Consortium (the international group that made the Reorganization Loan of 1913).

The Secretary said that he could not approve such cooperation for the reason that it appeared to be a political combination interfering

¹³ Comment by E. T. W., Division of Far Eastern Affairs: No such instruction was given, but in a recent telegram, concerning the Japanese protest against the American contract to improve the Grand Canal in Shantung, the American Minister at Peking was instructed that the Department saw no objection to cooperation between Americans and Japanese elsewhere, provided China were willing, but that the American Government considered the improvement of the Grand Canal an exceptional undertaking that should remain solely American—referring to its connection with the famine relief scheme of the American Red Cross. It is presumed that the American Minister, acting upon this suggestion, may have proposed as an alternative to participation in canal improvement the cooperation in Manchuria. As a matter of fact, however, the cooperation in railway building in Manchuria has been discussed previously by Mr. Straight and the Japanese interested.

with China's sovereign rights. He believed that generally speaking international cooperation in China was a good thing but it should be free from political motives.

File No. 893.51/1737

The Secretary of State to Minister Reinsch

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, January 25, 1917, 4 p. m.

Your telegram of January 23, 1 p. m. Chicago contract grants option on additional loan up to twenty-five millions but option limited to sixty days from date of application for such additional loan.

LANSING

File No. 893.51/1738

Ambassador Guthrie to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Tokyo, January 27, 1917, noon.

Yesterday at a luncheon given by Barons Goto, Shibusawa and Sakatani, Japanese Minister for Foreign Affairs asked me privately what I thought of his address to the Diet¹⁴ saying that it represented the sincere policy of the cabinet toward the United States and China. He said that he had been asked from London to consent to the reentry of the United States into the international financial group in China and had answered that he had no objection but that the operations of the group should be confined to political loans for administrative purposes strictly and that he thought the Government of the United States should back its nationals. He asked me whether this would be accepted. I told him I had no instructions but pointed out that our administration objected to the group on the ground that it infringed China's sovereignty and freedom of action and that there was public criticism because of the restrictions of participation to a limited group of financiers. He said that he understood this and that there was some trouble in England on the latter point. He repeated that he had no objection to the United States reentering the international group for political loans as stated but what he desired was to promote cooperation between American and Japanese financial and business interests in loan for the industrial development of China, and that he was ready to give active support to such a movement. It would be understood, however, that such joint operations should be for business purposes only and that no political advantage would be sought by Japan through them. He expressed the opinion that such cooperation would strengthen the friendly relations between Japan and the United States, allay suspicion in China and aid in her development. All this was predicated on the understanding that Japan claims special rights in Manchuria and Eastern Inner Mongolia which she does not waive. I told him I would cable for instructions. It is apparent that the policy of the Cabinet toward China will be much discussed in the approaching campaign.

GUTHRIE

¹⁴ Printed post, p. 119.

File No. 893.51/1739

AMERICAN EMBASSY,
Tokyo, January 28, 1917, 1 p. m.

My telegram of January 27, noon. In parting with me on the 26th, Japanese Minister for Foreign Affairs told me he would consult with Baron Shibusawa. This morning's *Times* contains an interview with the latter following the lines of Monoto's suggestion to me and advocating cooperation between Japan and American business interests in China and specifically the establishment of a central bank in that country under joint control. He also contends that the operation of the international financial group should be restricted as suggested in my interview.

GUTHRIE

File No. 894.032/19

Address of Viscount Motono in the Imperial Japanese Diet

[Extract]

[Handed to the Secretary of State by the Japanese Ambassador January 29, 1917]

You are aware that Japan has always preserved the most sincerely amicable relations with the Government and people of America, though from time to time there have been light clouds which have cast a shadow upon our relations though never so slight. These clouds have generally been dissipated by the common good will of the two Governments. There certainly have been questions about which the two Governments could not come to a complete accord, but that will be the case between even the best of allies. However, when one faces the most thorny questions in a friendly and frank spirit, with the will of solving them in an amicable and conciliatory manner, there will surely be found a way to an understanding. It is this end that the two Governments have always pursued to the great satisfaction of our two countries. It affords me great pleasure to state that there have been symptoms of more real sympathy manifested of late between the two countries. As one instance we have been approached by the American capitalists for cooperation in financial affairs in China. The Imperial Government are watching with lively interest the further development of the economic *rapprochement* between the two countries.

I would not speak of all the events that have come to pass in China in recent years, which must be still fresh in your memory. We must recognize that as the result of these events there has been created a certain atmosphere which is not altogether desirable. It is for the good of our two countries that this state of things should absolutely disappear. In view of the great political and economic interests which Japan possesses in China, it has always been the sincere desire of this country to see her neighbour developed along the paths of modern civilization and we have spared no efforts for that purpose. It was for that purpose also that we sent to China a number of civil and military advisors, and that we concurred with other countries in furnishing China with the financial means of accomplishing reforms of every kind and also that we undertook the education and instruction of the young Chinese students who are coming to Japan by thousands.

Nobody would contradict me when I say that China certainly is indebted much to Japan in her work of re-organization pursued for several years. Why is it that in spite of all our well meant efforts, China seems often to regard us with mistrust and even animosity? There may be many causes for that, but the chief reason, to my mind, is the tendency on the part of the Japanese towards interference in China's internal quarrels since the overthrow of the Manchu Dynasty and the establishment of the republican régime. There have since been formed in China a number of political parties for one or another of which parties there have been some Japanese who have expressed sympathy. These persons have developed marked tendency towards a desire to help these political parties to obtain power according as their own political opinions or personal sympathy dictate. I am persuaded that all these persons are perfectly sincere in their desire of helping our neighbouring friends, but the results were deplorable. To what did our attitude at the moment of the formation of the Republic lead, and to what did all the movements inimical to the President lead? You are aware of it so well that I need not dwell upon it. But what I have to state is that in the wake of all these acts we have had no other results than to invite, on the one hand, the animosity of our neighbours and, on the other, to cause other nations' misunderstanding of the real intentions of Japan. I do not hesitate to state that the present Cabinet absolutely repudiate this mode of action. We desire to maintain the most cordial relations with China. We desire nothing more than the gradual accomplishment by China of all her schemes of reform and we shall leave nothing undone in order to help her in the task, if she so desires. Endeavours shall not be wanting on our part to make China comprehend the sincerity of our sentiments toward her, though it must always remain with China whether she should have faith in us or not. We have not the least intention, I formally declare hereby, of favouring this or that political party in China; all we desire is the maintenance of cordial relations of amity with China herself and not with any political party. It is essential that China should develop herself smoothly along the path of progress and we dread nothing more than the possible disintegration of China through her continued troubles. We must put forth every effort to prevent that sad possibility, for nothing is more indispensable than that China should maintain her independence and territorial integrity. The other point to which the Government must call your attention is the special position occupied by Japan in certain portions of China. I am speaking especially of South Manchuria and East Inner Mongolia. Our special situation in these parts has been acquired at the cost of immense sacrifice and immeasurable efforts on our part and on the strength of this circumstance our rights and interests in these parts have been consecrated by treaties and arrangements. It is therefore the most elementary duty of the Imperial Government toward the nation to safeguard these rights and interests. In the same way it is necessary that China should comprehend that it is not only a matter of compliance with international duty that China should respect these rights and interests of Japan, but it would be nothing more than the realization of the good understanding between our two countries.

If China would continue, as we sincerely desire she would, relations of the greatest confidence and amity with Japan, it is necessary that

she should follow the same lines of conduct as those we intend to follow with her. It is on this condition alone that anything like a firm understanding can exist between us. The Imperial Government have the strongest conviction that if the Chinese Government understood the pure and clear intentions of Japan, China would not have any objection to Japan's sincere policy of good understanding in the relations between Japan and China. Nobody certainly would dispute the fact that Japan occupies a peculiar position in China as well on account of her geographic position as her political and economic interests; but we must not any more ignore the fact that other powers have likewise immense interests in China. We must, therefore, while safeguarding our own interests there, take care to respect those of other nations. We must before everything try to move in accord with powers with which we are under the pledge of special arrangements and in a general way endeavour to reconcile our interests with those of others. We are firmly convinced that such is the line of conduct best suited to the common interests of all powers concerned. Japan has not any intention to follow an egoistic policy in China. It is her sincere desire to keep in complete accord with the countries concerned, and the Imperial Government firmly believe that with good will on both sides we shall be able to arrive at a complete understanding which will be for the best interests both of China and all other countries.

File No. 893.51/1739

The Secretary of State to Ambassador Guthrie

[Telegram]

DEPARTMENT OF STATE,
Washington, January 31, 1917, 5 p. m.

Your telegrams of January 27, noon, and January 28, 1 p. m. are substantially answered already by Department's telegram of January 27, 5 p. m.¹⁵

The Japanese Ambassador has handed me complete text of speech by Minister for Foreign Affairs to the Diet. The portion quoted in your telegram was given to the press by the Department which read with satisfaction the expression of friendly sentiments towards America and noted with pleasure the assurance given that the Japanese Government would not interfere with the internal policies of China. The American Government will be glad to see Americans and Japanese cooperate in industrial development of China and shares views of Minister that such cooperation should be for business only, not for political advantage.

Your statement of Department's attitude towards participation by American financiers in loans by consortium is approved. I agree with the Minister in the opinion that no question can arise between our two Governments that cannot by frankness and friendliness be satisfactorily solved.

LANSING

¹⁵Printed under Railway Concessions.

File No. 893.51/1742

Ambassador Guthrie to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, February 3, 1917, 3 p. m.

Your telegram of January 31, 5 p. m. I communicated contents today to the Minister for Foreign Affairs who repeated his determination to promote cooperation in business loans in China and said he probably would have a communication to make within a few days. In answer to a question as to what was being done in China he said that the only negotiations concerning consortium loans were those in London and that he had not heard of any protests made to China against negotiations with American interests.

GUTHRIE

File No. 893.51/1742

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, February 5, 1917, 5 p. m.

Your telegram of January 15, 6 p. m. Japanese Minister for Foreign Affairs on February 3 stated to Guthrie that he had not heard of any protests made to China against negotiations for American loan.

LANSING

File No. 893.51/1744

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
[Undated. Received February 9, 1917, 11.30 a. m.]

Your telegram of February 5, 5 p. m. Upon renewed inquiry I find that the action of Japanese Minister and banker was as reported in my January 15, 6 p. m.

REINSCH

File No. 893.51/1757

Minister Reinsch to the Secretary of State

No. 1383

AMERICAN LEGATION,
Peking, February 13, 1917.

SIR: I have the honor to transmit for your information copies of a report submitted to the Cabinet by the managing director of the Bank of Communications, advising the former of the conclusion of the Japanese loan, as published in the *Peking Gazette* of February 6, 1917. A translation of the loan agreement itself (as corrected herewith by the Chinese Secretariat of the Legation) is included in the report.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Extract—Translation]

THE LOAN AGREEMENT

The Bank of Communications of the Republic of China (hereinafter described as A) with the object of reorganizing its business hereby concludes with the Japanese Banking Group (hereinafter described as B) of three banks, viz: the Industrial Development Bank, the Taiwan Bank and the Chosen Bank a loan of five million yen (Y. 5,000,000). The articles constituting the agreement for this loan are as follows:

Art. 1: The proceeds of this loan shall be 5,000,000 yen (Y. 5,000,000) of Japanese currency.

Art. 2: The term of this loan shall run from the date of the signature of this agreement for fully three years; that is, it shall expire on the 19th day of the 1st month of the 9th year of the Republic.

Art. 3: The rate of interest on the loan shall be 7.5 per cent per annum; that is, for every 100 yen 7 yen and 50 sen shall be paid each year.

Art. 4: The first payment of interest on the loan shall be reckoned per diem from the date on which the whole amount of the loan proceeds is paid (to the Bank) up to the 19th of the 7th month of the 6th year of the Republic and the same shall be paid in advance. Thereafter on the 20th of the 7th month and the 20th of the 1st month of each year the interest for each half year shall be paid in advance.

Art. 5: On receipt of the securities mentioned in Article 10 of this agreement, B shall pay over the whole amount of the loan proceeds in full (with the exception of the deduction of interest for the first period). The proceeds shall be paid at Tokyo to the representative of A.

Art. 6: On receipt of the full amount of loan proceeds mentioned above, the representative of A may deposit the funds with the banks of B as deposit and may draw on them for use at any time.

Respecting the terms of deposit and remittance of the loan proceeds, the representative of A may discuss and arrange with B at Tokyo.

Art. 7: The proceeds of the loan shall be paid in full without discount or commission.

Art. 8: The repayment of the principal and payment of the interest of the loan shall take place at Tokyo.

Art. 9: A shall be permitted to repay the whole amount of the loan before the term stipulated for redemption, but in so doing A must notify B three months beforehand.

Art. 10: To safeguard the payment of interest and the repayment of the principal A shall submit the following collateral to B as security of the loan: (1) The loan bonds of the Lung-Hai Railway to the face value of \$1,300,000. (2) Treasury bonds issued by the Chinese Government to the face value of \$4,000,000. (3) Loan bonds issued by the Chinese Government to the Bank of Communications to the face value of \$2,425,687.68.

Art. 11: In handing over the securities as mentioned above, A shall issue a certificate to B transferring the same to B as security. The same shall be handed over to B in Peking.

On receipt of the collateral mentioned above as security for the loan, B should issue a receipt for the same to A.

Art. 12: In the event of failure of the redemption of the principal or the payment of interest by A when the time becomes due, B shall have power to dispose at will of the securities mentioned in Article 10 for the redemption of the loan and the payment of interest.

Art. 13: In case during the currency of the present agreement A needs another loan, necessitating it to negotiate for the same from foreign bankers, it should first negotiate with B for the same on reasonable terms.

Art. 14: This agreement shall be submitted to the Chinese Government for official registration by A.

This agreement shall be made out in two copies in the Chinese and Japanese language each duly signed and sealed by the parties concerned. A and B shall each have a copy of the agreement in both languages.

Signed this the 20th day of the 1st month of the 6th year of the Republic of China; that is, the 20th day of the 1st month of the 6th year of Taisho [i. e., January 20, 1917].

(Sealed)	TSAO JU-LIN,
<i>Managing Director of the Bank of Communications</i>	
(Sealed)	JEN FENG-PAO,
<i>Assistant Manager of the Bank of Communications</i>	
(Sealed)	SHITATE,
<i>Managing Director of the Industrial Development Bank</i>	
(Sealed)	NINOMIYA,
	<i>Acting Representative</i>

File No. 893.51/1747

Minister Reinsch to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Peking, February 15, 1917, 7 p. m.

Can you inform me concerning prospects of Chicago loan negotiations? The Chinese Government is anxious to have this loan completed in order be ready for eventualities.

REINSCH

File No. 893.51/1747

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, February 21, 1917, 5 p. m.

Your telegram of February 15, 7 p. m. The Chinese Legation states that according to contract bankers still have few days before expiration of time within which they must say whether they will exercise option. The Minister has had several conferences with bankers endeavoring to expedite negotiations but bankers insist on four months extension of option and state impossible now to make advance.

The Department some time ago was informed by bankers that Japanese activities through American press criticising the five million loan would make difficult to float proposed larger loan. Today representative of bankers presented telegram from bank saying difficulty was not merely [apparent omission] but need of making exhaustive investigation before assuming obligation for so large a sum; that bank is thoroughly in earnest and means to do real business but existing circumstances require extension of time to enable bank to carry out successfully any undertaking it might assume. Telegram states that a director of the bank is now either in China or *en route* and although without official authority will make investigation which will be followed by more thorough investigation if extension of option granted. In that case one of the executive officers of the bank will likely be sent to China. You may urge extension of option and telegraph result.

LANSING

File No. 893.51/1751

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, February 26, 1917, 11 p.m.

Your February 21, 5 p. m. Financial situation of China, considering all circumstances, is good, but a moderate amount of support is essential in order to avoid control of China by Japan. Reports of Chinese troubles and insecurity spread in the United States through Japanese agencies are entirely unwarranted in fact. The Japanese are themselves now offering to the Chinese Government funds at favorable rates. Efforts as reported in my telegram of January 15, 6 p. m., are continuing unabated with the evident design of securing American money after Japanese political purposes have been accomplished.

With regard to Chicago loan, Minister of Finance, though unwilling to extend exclusive option, however is ready to continue negotiations for a reasonable time so as to allow representatives of the bank to inform themselves. It is most desirable that the bank send authorized representative immediately. He is willing to give assurance that the revenues pledged will be clearly separated from those affected by French loan and systematically organized and that power [enterprises?] created by industrial investments out of the proceeds of the loan be added to security. I feel assured that the security will be made indubitable. The Chinese Government wants the loan now and is willing to satisfy every reasonable demand of the bank.

Minister of Finance representing the prevailing feeling of the Chinese desires American cooperation and leadership. To preserve Chinese freedom and certain standing moderate American financial support of the Chinese Government is imperative.

Under the circumstances Chicago bank has a great opportunity for important profitable activity. It is to be hoped that it may act promptly but if it requires more time I have the honor to urge very strongly that to save the situation and assure freedom of action for several months a further loan advance be made by the Chicago bank or Lee, Higginson be allowed if possible to complete contracted loan immediately.

REINSCH

File No. 893.51/1751

The Secretary of State to Minister Reinsch

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, March 3, 1917, 4 p. m.

Your February 26, 11 p. m. John Jay Abbott, Vice President, Continental and Commercial Bank, Chicago, will sail on *Empress of Asia* for China, March 15, with full powers to conduct negotiations. He will be accompanied by one other bank official and go from Yokohama by rail and be due in Peking about April. Advise Chinese Government.

LANSING

File No. 893.51/1755

The American Group to the Secretary of State

23 WALL STREET,
New York, March 8, 1917.

SIR: In accordance with your suggestion, on the occasion of the visit this morning to you of Mr. Schiff and Mr. Davison, we enclose herewith a copy of the cable from London which was exhibited to you and which was the subject matter of our informal conversation then.

You will remember that the Six Power Group was formed on June 18, 1912, to undertake a so-called Reorganization Loan to China in the aggregate amount of 60,000,000 pounds sterling, and that the group was to terminate when this entire amount had been issued, when a majority of the six groups should decide not to go farther with the business, or when five years should have elapsed, whichever should first happen; the group would therefore expire by limitation of time on June 18 of this present year, if not before terminated.

A £25,000,000 series of the Reorganization Loan was issued by the British, German, French, Russian and Japanese Groups in May of 1913, the American Group not participating for reasons with which you are familiar;¹⁶ the American Group retained and still retain their membership in the Six Power Group however.

As security for this £25,000,000 loan, the Chinese Government pledged the salt gabelle, which the Government obligated itself to reorganize in the manner prescribed in the Loan Agreement; as a matter of fact, we understand that this reorganization has been so effective that the present annual collection of the salt gabelle far exceeds the amount required for the services of this loan, and of all other loans charged against the gabelle.

You will observe that the proposal of the British, French, Russian and Japanese Groups, as contained in the cablegram from London which we have enclosed, is that a supplementary Reorganization Loan in the amount of £10,000,000 to £20,000,000 be undertaken by these four groups in conjunction with the American Group, that a new Inter-Group Agreement be formed by the five groups thus undertaking the new supplementary Reorganization Loan, and that issue be made of the new loan, one-half in Japan and one-half in America; as security, it is proposed to ask for the surplus of the salt gabelle, and, in addition, for the land taxes, which it is proposed shall be administered under the supervision of a Japanese chief inspector. The details, as you will note, have not been more than suggested in the cablegram, but are left to a conference to be arranged if the invitation of the British, French, Russian and Japanese Groups commends itself to the American Group in principle.

Doubtless the proper administration and collection of the land tax would yield a large and regular income to China, additional to and possibly equalling that which has been secured by the reforms in the collection of the salt gabelle which were insisted upon by the lenders at the time the £25,000,000 loan was made by the banking groups of the five Powers; and doubtless this new revenue (together with any increase in the customs which may now be permitted by the interested Powers) would increase the country's borrowing power to

¹⁶ For. Rel. 1913, p. 171.

an extent which might enable her safely to provide for her financial needs for many years to come. The American Group, however, having in the past expended a great deal of effort and some money in the endeavor to establish a permanent American business interest in China, would not, in view of these past experiences, be interested in the present proposals were it not that they believe them to offer an exceptional opportunity again to promote the legitimate commercial aspirations of our country in the Far East, and that they fear, if this opportunity be not availed of, that it will be more than could be hoped for that such favorable circumstances for the promotion of American commercial prestige in the Orient will again present themselves. We do not believe that a participation by the American Group in the international Group about to be formed is essential to the latter's success, and we believe that if the American Group declines participation the business will proceed, although, perhaps, to a smaller present amount; if this should prove to be the case, and if the available borrowing securities of China should be pledged to a new international Group not including the American Group, we fear that the successful promotion of an American interest in China in the future will be rendered very difficult.

For such reasons, then, and if the Department agrees with us in the opinions which we have stated, the American Group would be willing to signify to the other groups their acquiescence in principle to the suggestion contained in the cablegram now under discussion, hoping that a satisfactory procedure as to detail might be worked out at the conference which would then be called. The American Group would hope that during the course of the negotiations it might be arranged that the securities of the Hukuang Loan (a part of which was issued in the United States by the American Group in June of 1911) would be made more definite by the Chinese Government for the better protection of the American bondholders; also, the American Group would think it proper to propose, since the United States and Japan would be expected to provide the funds in the new supplementary Reorganization Loan, that they should share equally in the administration of the land taxes; and there are various other points of detail which we should hope to work out satisfactorily. Should we join the proposed new International Group it is probable that we shall deem it advisable to reconstitute our Group and invite others to join us.

If for the reasons above stated and with the expressed approval of our Government the American Group should eventually undertake a portion of the new supplementary Reorganization Loan, there would have to be no doubt either then or at any future time of our Government's sympathetic interest in and support of the project.

J. P. MORGAN & Co.

KUHN, LOEB & Co.

FIRST NATIONAL BANK OF NEW YORK,

by CHARLES D. NORTON, *Vice President*

THE NATIONAL CITY BANK OF NEW YORK,

by I. H. PERKINS, *Executive Manager*

[Inclosure—Telegram]

Morgan, Grenfell & Co., London, to J. P. Morgan & Co., New York

MARCH 2, 1917.

At conference British, French, Russian, Japanese Group held London, January 30, consider proposals for supplementary issue of the Chinese reorganization loan it was agreed embody these proposals in a series of resolutions to be submitted to principals of the French, Russian, Japanese Group for approval. Resolutions having now been confirmed, I have pleasure on behalf of British, French, Russian, Japanese Group convey to you an invitation to the American Group to participate in proposed issue in terms of following minute:

"It was proposed by the representatives of the Japanese Group, seconded by the French representative and unanimously agreed to that Messrs. J. P. Morgan & Company should be asked to reconsider the withdrawal of the American Group from the reorganization loan and to participate in the issue of the supplementary loan and also in the contemplated new Inter-Group agreement or failing that to designate some other American Group to take their place."

Main proposals are that loan should be for £10,000,000 to £20,000,000 to be issued half Japan, and half America and that in addition to surplus salt revenues the land taxes be pledged as security under the supervision of Japanese Chief Inspector. If invitation of the four groups commend itself to the American Group in principle, I would suggest a conference be immediately convened to discuss details.

File No. 893.51/1756

The Continental and Commercial Trust & Savings Bank to the Secretary of State

[Telegram]

CHICAGO, ILLINOIS,
March 14, 1917, 6.30 p. m.

In connection with the loan negotiations which this bank has been conducting with the Republic of China through Minister Koo, we have requested an extension of time until June 15 in which to send our representatives to China to make a full investigation and conduct the negotiations. While we understand Minister Koo has requested the extension we have received no advice that his request has been granted. We would be much pleased if you would take the matter up with the American Minister at Peking and endeavor to secure the extension for us.

ARTHUR REYNOLD,
Vice President

File No. 893.51/1756

The Secretary of State to Mr. Arthur Reynold

DEPARTMENT OF STATE,
Washington, March 15, 1917.

SIR: The Department acknowledges the receipt of your telegram of March 14, 1917, requesting that the American Minister at Peking endeavor to secure an extension of the time which your representative may be permitted to make investigations in China and conduct negotiations for a loan to the Chinese Government by your bank.

In reply I have to advise you that the Chinese Minister has just informed the Department that he telegraphed yesterday to Mr. J. J. Abbott, now en route to Peking, that the extension had been granted.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

File No. 893.51/1767a

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, April 5, 1917, 5 p. m.

It is credibly reported here that Japanese Government has inquired of China concerning Chicago loan and is not satisfied with reply made. Telegraph facts.

LANSING

File No. 893.51/1755

The Secretary of State to The American Group

DEPARTMENT OF STATE,
Washington, April 5, 1917.

GENTLEMEN: Referring to the Department's letter of March 14, 1917,⁴ acknowledging your letter of March 8, with enclosure, relative to proposals of the International Group Banks for a supplementary Reorganization Loan to the Chinese Government, I have to advise you that, on account of the pressure of other important business and certain developments which may have an important bearing on the matter, the Department has not been able as yet to arrive at a definite conclusion on this subject.

However, the matters discussed in your letter are having careful consideration and you will be informed later as to the Department's opinion relative thereto.

I am, [etc.]

ROBERT LANSING

File No. 893.51/1767

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, April 10, 1917, 7 p. m.

Your April 5, 5 p. m. Minister of Finance informs me Japanese inquired of Dr. Koo as to the nature of Abbott's visit to China. He stated that it was for the purpose of information. No other enquiry is known.

REINSCH

File No. 893.51/1774

The American Group to the Secretary of State

23 WALL STREET,
New York, May 29, 1917.

SIR: Referring to your letter to us of April 5 last, in which you advised us that you were giving consideration to the matter of a proposal for a supplementary Reorganization Loan to the Chinese

⁴Not printed.

Government, and would inform us later of the Department's opinion relative thereto, we would state that we have now received the following cable from our London house:

Your 2003. In view of termination Sextuple Agreement 18th June and possible complications arising thereafter Addis would personally greatly appreciate expression your views as to likelihood of Administration authorizing Group to undertake proposed advance.

We would greatly appreciate any expression of opinion which you may find it convenient to give us on this subject.

THE AMERICAN GROUP,
By J. P. MORGAN & Co.

File No. 893.51/1775a

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, June 2, 1917, 4 p. m.

Telegraph briefly status of loan negotiations between Abbott and Chinese Government. Are negotiations proceeding satisfactorily and if so is there prospect of agreement being reached in near future?

LIANSING

File No. 893.51/1776

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 4, 1917, 5 p. m.

Your June 2, 4 p. m. Abbott has secured assignment additional security for the loan made last November and has proposed to the Chinese Government a fair and statesmanlike arrangement for further loans but the present disorganization of the Government prevents negotiations. He is leaving today for the United States.

REINSCH

File No. 893.51/1788

Minister Reinsch to the Secretary of State

No. 1521

AMERICAN LEGATION,
Peking, June 5, 1917.

SIR: There is herewith enclosed a duplicate original of an agreement between the Government of China, represented by the Vice Minister of Finance and Mr. John J. Abbott, Vice President of the Continental and Commercial Trust and Savings Bank of Chicago. The agreement relates to the assignment of additional security for the loan of 5,000,000 dollars gold made by the bank on November 16, 1916.

Mr. Abbott requests that this agreement be held by the Department, to be turned over to him upon his request, at Washington.

There is also enclosed for the files of the Department a copy of this agreement.

There is also enclosed herewith a copy of a memorandum of the representation which I made to the Premier in connection with the demand of the Continental and Commercial Bank that the matter of security for its loan should be straightened out.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1—Memorandum

Minister Reinsch to the Foreign Office

MAY 1, 1917.

There are at present in Peking Mr. John Jay Abbott, Vice President of the Continental Commercial Bank, Chicago, and Mr. H. R. Platt, his attorney. Mr. Abbot represents his bank in the matter of the loan of \$5,000,000, concluded between the Chinese Government and his bank in October, 1916.

The presence at this time of the representative of one of the strongest financial institutions in the world, is a fact of great importance, especially when it is considered that that institution, providing that the Chinese Government will do business upon a sound basis, is inclined to give its powerful support in the matter of issuing further loans and giving financial support to the Chinese Government.

The Continental Commercial Bank of Chicago is not seeking business with China. So great a number of most attractive proposals are before it at this time that it is manifesting an interest in China only from the point of view of offering its services in the interest of closer financial relations between China and America. It is, therefore, not to be expected that the representative of the bank will do more than to indicate what the bank is willing to do for China. The rest will depend upon the Chinese Government. It is open to it to take advantage of this unprecedented opportunity of getting extensive independent financial support from America.

I fear that the high officials of the Government are far from realizing the importance of this matter to their country.

It is also a highly unfortunate fact that in the solemn assurances given by the Chinese Government to the bank in the making of the original loan essential misstatements of fact occurred. Unless these misstatements are promptly corrected the most disastrous results will follow for the credit of the Chinese Government abroad.

The bank was solemnly assured that the Tobacco and Wine Sales Revenue, which was pledged for the loan, had not theretofore been pledged as security for any other loan. Unfortunately it turns out that this revenue is not clear from other claims upon it.

1st. The domestic loan of 1916, authorized amount \$10,000,000, is specifically secured on this revenue.

2d. Under the language of its contracts the Banque Industrielle de Chine claims, through the French Legation, that it has a right to all taxes and imposts on tobacco and wine of whatever kind present and future. This claim, which on the face of it might seem unreasonable, is unfortunately to some extent borne out by the fact that in some cases, for instance in the province of Chihli, all tobacco and wine taxes have been consolidated under the form of the Public Sales Revenue. This would bear out the French claim, as their security could, of course, not be defeated by swallowing up the security in some other form of the same tax.

For the above reasons it is imperative that in order to save the public credit of China, arrangements should immediately be made for assigning unclouded security to the Chicago Bank until such time, at least, when both defects now attaching to the security actually assigned, can have been definitely and satisfactorily removed.

This latter can be accomplished only by the entire removal of the domestic loan of 1916 from this particular security, which could be done by providing funds for the taking up of that loan.

Secondly, it would be necessary to make an arrangement by which the claims of the French lenders will be distinctly limited and confined in such a way as to leave abundant security for the American loan. All this requires definite data upon the actual income received from these sources of revenue.

Furthermore the rectification of the defects in the present security will probably require some time, and in order that the good credit of the Government of China should be maintained at its present high standard in the United States it would seem to be most desirable, from China's point of view, to forthwith set aside as security for the present loan something which will be satisfactory to the Chicago Bank; and as it might be very easy for hostile interest to make it known in the United States that the security which the Chicago Bank at present has is not what the Government of China represented that it was, and which in turn the bank represented to its customers to be as the Chinese Government had stated, such statement would have a tendency to so demoralize the market for Chinese credit in the United States as might make it impossible for some time to come for the Chinese Government to raise independent loans in the States. The credit and financial independence of China is therefore at stake.

Should the difficulty above set forth be satisfactorily settled, the bank is then willing to support the Chinese Government further in the making of important loans in the United States. This fact is alone sufficient to safeguard the financial independence of China.

I regret to state that should my impression be correct that the Chinese Government does not realize what is at stake and that they propose to delay and procrastinate this matter, the representative of the bank will immediately return to the United States as he has no time to waste. In fact, should the negotiations not be seriously taken up in the course of this week, he will probably depart for Hankow and the South of China in order to join his steamer at Hongkong.

In that case it would be my unpleasant duty to take immediate strong action with the Foreign Office based upon the defects discovered in the security guaranteed to the bank by the Chinese Government in the most formal manner. In that case it will be inevitable for this disagreeable fact to become known to the great damage and, in fact, the destruction of Chinese credit abroad. The present matter involves the question as to whether in important international financial dealings the word of the Chinese Government can be relied on.

[Inclosure 2]

This agreement made in triplicate in the City of Peking in the Republic of China on this 14th day of May, 1917, between the Government of the Republic of China (hereinafter called the Government) and the Continental and Commercial Trust and Savings Bank of Chicago, in the State of Illinois in the United States of America (hereinafter called the Trust Bank), Witnesseth:

Whereas under date of the 16th day of November A. D. 1916, the Government and the Trust Bank entered into a certain contract in the City of Washington in the United States wherein and whereby the Trust Bank agreed to and did loan to the Government the sum of 5,000,000 dollars in Gold coin of the United States and the Government agreed to and did secure the repayment of said loan among other things by making the principal and interest of said loan a direct charge upon the entire revenues derived and to be derived by the Government from the Tobacco and Wine Public Sales Tax.

And whereas in and by such agreement the Government represented and guaranteed that the said security was free and clear of any other claims or charges whatsoever and that the said loan should always remain a first, and prior lien thereon and whereas other terms and provisions were contained in said agreement, to the original of which agreement reference is hereby made for the details thereof:

And whereas certain claims have been made by other persons or on behalf of other persons that certain other obligations of the Government are a valid claim or lien on the said taxes or on some part thereof prior to the claim of the Trust Bank on account of said loan.

And whereas it is desired by the Government—without admitting or passing upon the validity of such claims—to give to the Trust Bank for its benefit and for the benefit of all persons who now are or at any time may become the owners or holders of any of the Treasury Notes by which the obligation of the Government to repay said loan is evidenced, additional security which is and shall be entirely free from any conflicting claims of any sort.

Now, Therefore, it is agreed as follows:

Article 1. The Government hereby declares that the Treasury Notes described in the said contract of November 16, 1916, are and shall be secured by a direct charge upon the following revenues of the Government.

The Goods tax receipts from the provinces of Honan, Anhui, Fukien and Shensi, whether such receipts be in the nature of *likin* taxes, transportation taxes or other taxes or imposts of like natures. And for the purposes of further identifying the said taxes, the Government declares that the receipts from the taxes herein described for the fourth fiscal year are shown on the fiscal records of the Government to have been as follows:

Honan Goods tax.....	\$721,483 in Chinese dollars
Anhui Goods tax.....	\$1,703,000 " " "
Fukien Goods tax.....	\$1,186,400 " " "
Shensi Goods tax between July 1, 1915, and March 31, 1916	\$879,500 " " "

And the Government hereby agrees that so long as any part of the said Treasury Notes shall remain unpaid, the said taxes shall remain in force and shall not be diminished, repealed or released without the prior written consent of the Trust Bank, and that the revenues derived therefrom shall be at all times subject to the charge herein imposed and the Government represents and guarantees that the said revenues are not nor is any part of them pledged in any manner whatsoever, and that there is no charge thereon and that the lien thereon created by this agreement shall remain a first prior and continuing lien thereon for the further security of said Treasury Notes.

And the Government further represents that the said taxes are collected by the officials directly commissioned by the Government and are deposited when collected in depositaries selected by the Government and subject only to its order.

Article 2. The Government and the Trust Bank agree that nothing herein contained is intended to be or shall be construed as an admission that any other person has any charge upon or interest in the revenues under the said agreement of November 16, 1916, but it is stated that this supplemental agreement is made in recognition of the existence of the claims referred to but not in recognition of the validity of such claims.

Article 3. The Government and the Trust Bank expressly agree that nothing herein contained shall in any way limit or modify the obligations and undertakings of the Government contained in the said agreement of November 16, 1916, but that the agreements herein contained are in supplement of and in addition to the terms of such contract and the Government and the Trust Bank hereby reaffirm and agree to be bound by the terms of said contract and by the terms of this supplemental agreement and that the same shall be construed as an entire agreement binding so long as any of the said notes shall remain outstanding, provided however that when and as soon as all demands and obligations which may be claimed or appear to be prior or equal liens with said Treasury Notes on any part of the wine or tobacco revenues pledged under said agreement of November 16, 1916 shall have been fully paid and discharged or otherwise fully and legally released as a charge against such revenues, so that the said Treasury Notes shall be an undisputed first and prior charge thereon, then and in such event this supplemental agreement shall immediately be released and discharged.

Three copies of this agreement have been executed in English, of which the Government is to hold two copies, and the Trust Bank to hold one copy, and in the event of any doubt arising in regard to the interpretation hereof the English text shall govern.

In witness whereof the Government of the Republic of China has caused these presents to be signed by its Premier and the Vice Minister of Finance in charge of the Ministry of Finance acting under the express authority of the said Government and sanctioned by the President, and the said Trust Bank has caused these presents to be executed by John Jay Abbott, its Vice President, thereunto duly authorized by the action of its executive committee all as of the day and year first above written.

[SEAL]

THE PREMIER OF THE GOVERNMENT OF THE REPUBLIC OF CHINA
THE VICE-MINISTER OF FINANCE IN CHARGE OF THE MINISTRY OF FINANCE
JOHN JAY ABBOTT,
The Vice-President of the Continental & Commercial Trust & Savings Bank of Chicago

File No. 893.51/1774

The Secretary of State to the American Group

DEPARTMENT OF STATE,
Washington, June 6, 1917.

GENTLEMEN: Referring to your letters of March 8 and May 29, 1917, relative to proposals of the International Group Banks for a supplementary Reorganization Loan to the Chinese Government, I have to advise you that the Department finds after careful consideration that, in view of the political conditions and disturbances now existing in China, it is impossible to make a definite statement outlining a policy in connection with the matters referred to in your letters above cited.

I am [etc.]

ROBERT LANSING

File No. 893.51/1794

The French Ambassador to the Secretary of State

[Translation]

FRENCH EMBASSY,
Washington, August 4, 1917.

MR. SECRETARY OF STATE: My Government has been informed by the Ambassador of the Republic at Tokyo that the Japanese Government has declared its readiness to admit into the China Consortium a Belgium Group, subject to the following conditions:

1. The Consortium shall be reconstituted with the six Powers. France, England, Russia, Japan, the United States and Belgium will not give their support to any additional admission.

2. Belgium will not be admitted to the pending negotiations and will not take any effected part therein until after the War.

From information that has been filed with the Government of the Republic by the legation of Belgium to France, it appears on the other hand, that Japan has further asked Belgium to agree to the appointment of a Japanese financial adviser at Peking. As your excellency knows, the presence of a Japanese inspector in the land tax office was agreed to at the meeting of the groups held in London on January 30, last.

My Government would be glad to be apprised of the views of the Government of the United States in regard to the proposals laid before us by the Tokyo Cabinet toward which it is, for its part, favorably inclined.

In the first place, it does not consider it desirable to broaden the circle of nations represented in the Consortium: those which might apply for admission are either the enemy nations which we have agreed to exclude or Powers that have no financial interest in China. What is proposed is, not to create a new organism, but to cleanse an organism already existant; so it is legitimate to have this exclusively done by the original allied participants.

In the second place, Belgium cannot be better placed than France or England to take, before the end of the War, an effective part in a loan which should immediately be brought about.

My Government has acquainted the Belgian Government with its views on these two points and would be very glad to hear that they are shared by your excellency's Government.

Be pleased [etc.]

JUSSERAND

File No. 893.51/1793

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, August 6, 1917, midnight.

[A certain Chinese official] yesterday in long conversation expressed the desire of the Government that American bankers should participate in future Consortium loans. He stated that it had become necessary for the Chinese Government to adopt attitude friendly to Japan because that country could cause China the greatest difficulty by stopping financial supplies through control over the salt industry and by stirring up or encouraging revolutionary movements, etc. On account of the unfriendly attitude [or the?] unfavorable situation of the European partners, the Japanese are now controlling Consortium finance. The entry of the United States into the Consortium, he stated, would restore the balance and accomplish more for Chinese actual independence than any other possible action.

On the other hand Japanese Minister also expressed to me the hope that the United States might enter Consortium because European partners temporarily unable to carry their shares. Japanese attitude may be due partly to desire to prevent independent action of the United States, partly owing to realization that Japan may safely join the United States in a formal maintenance of Chinese unity, independence, considering the existing opportunity for infiltration of Japanese influence through special arrangement with all local and central authorities.

Greatly changed circumstances consequent upon the war, carefully considered, appear to impose the conclusion that the participation of the United States in international public finance in China is the best method for preserving the international balance, Chinese national existence and full fruition of American enterprises, educational and economic. If, during the last three years, American financiers had taken a strong interest in China, constructive Republican elements would have been strengthened so as to assure free development. This opportunity has now passed away forever. Only by joining in the councils with other friendly nations will it be possible for the United States effectively to push its influence not only in behalf of efficient popular Government in China, but safeguarding of American interests. The entry of the United States into the war has made natural such cooperation in China through which the high principles of American war action will be advanced.

Cooperation in the Consortium should be free from any conditions which would impede independent action of the United States in the matter of industrial and banking loans or in extending direct Governmental financial aid to China on account of the war.

As a result of the war not only does international cooperation promise to be the mode of settling external questions but American bank-

ing interests have been prepared for joint action in foreign matters excluding invidious monopolies for special interests, both through the creation of the Federal Reserve Bank system and through united national action in the matter of the liberty loan. Under the new conditions both from an international and national point of view, cooperation with friendly nations offers the most likely solution of China's difficulties.

As the Minister of Finance informed me that the proceeds of the reorganization loan are to be used for disbanding troops, introducing gold standard, and converting the *likin* revenue until customs duties can be increased as per Mackay treaty, it would seem that a friendly restraining hand and expert advice will be much needed in Chinese finance unless the nation is to be loaded with a vast unremunerative burden. Also as most of the funds required will ultimately have to come from America, the United States might as well have a voice in the matter.

REINSCH

File No. 893.51/1799

The British Chargé d'Affaires to the Secretary of State

[Memorandum]

BRITISH EMBASSY,
Washington, August 21, 1917.

The Chinese Government are requesting a loan of £10,000,000/0/0 for the reform of the currency, which is to be carried out by a special department under a foreign controller. The greater part of the loan would be held abroad as a gold reserve against gold notes, which would be issued for gradual circulation, whilst as security there will be the property of the mint and the profits on the coinage, including the melting of the copper cash, as well as, in case of necessity, the excess salt revenue. All the mints would be under the control of the new department under the supervision of foreign managers.

They desire a further loan, the amount of which is not specified, for administrative purposes, as well as to reduce the diminution of revenue caused by the gradual abolition of *likin*. This loan would be incorporated with the currency loan.

Furthermore, they desire an immediate loan of ten thousand [million ?] yen for administrative purposes.

His Majesty's Government views with considerable alarm these requirements. From a purely Chinese point of view the occasion seems very unpropitious for assuming so great liabilities, for the terms both of issue and of interest would, of necessity, be exceedingly high, and loans to the amount requested would almost certainly be made conditional upon some form of foreign control. They therefore intend to instruct their representative at Peking to point out to the Chinese Government that the Chinese financial situation ought shortly to be far more favourable than for a long time past, for the following reasons:

The Allies of their own free will have postponed the indemnity payments, whilst those same payments to the enemy Powers are suppressed. The Japanese Bank has paid them one million sterling. A large sum is being paid for the enemy ships in Chinese harbours. The customs duties have been raised to the effective rate of five per

cent. The rise in silver has brought about a very great economy in the payments of interests on foreign obligations. Finally, a much greater income is being received from the saltpetre [salt?] industry.

Should they, however, persist in their requirements as set forth above, the only member of the Allied Governments which at present is in a position to furnish them with the money they desire is Japan, which would consequently acquire a predominant position in Chinese financial matters. His Majesty's Government suggests that the United States Government should send similar instructions to their representative in Peking.

COLVILLE BARCLAY

File No. 893.51/1799

The Secretary of State to Minister Reinsch

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, August 22, 1917, 4 p. m.

The British Chargé d'Affaires yesterday left at the Department a memorandum stating [here follows a résumé of the note from the British Chargé d'Affaires of August 21, 1917].

In conversation the Chargé stated that the loans were requested of the group bankers and the request was communicated to the British Government through the Japanese. Please inform the Department what action, if any, has been taken in regard to the matters mentioned in the memorandum.

Should the Chinese Government consult you, you may point out the inadvisability of incurring heavy financial obligations at present, which moreover would seem to be unnecessary in view of the proposed relief to be afforded by suspension of indemnity payments and increase of customs duties.

LANSING

File No. 893.51/1799

The Secretary of State to the British Ambassador

[Memorandum]

The Department of State has received no official intimation of an application having been made by China for such loans as are mentioned in the memorandum handed to the Secretary of State by His Britannic Majesty's Chargé d'Affaires on August 21, 1917.

The Department of State shares the opinion expressed by His Britannic Majesty's Government that the time is inopportune for the assumption by China of such heavy financial liabilities as are contemplated in the proposed loans and that the relief likely to be afforded by the proposed suspension of indemnity payments, and the proposed increase in the rate of the import duties as well as by the improved revenue from the salt gabelle seem to make such large loans by China inadvisable under present world conditions.

The American Minister in Peking has been instructed in this sense and authorized so to state to the Chinese Government should they consult him in regard to the matter.

DEPARTMENT OF STATE,
Washington, August 24, 1917.

File No. 893.51/1800

Minister Reinsch to the Secretary of State

[Telegrams—Extracts]

AMERICAN LEGATION,
Peking, August 28, 1917, 4 p. m.

Your August 22, 4 p. m. The statement of British Chargé d'Affaires contains the following misconceptions: Indemnity payments have not been postponed; customs duties have not been raised to 5%.

The Allied representatives are ready to agree to indemnity postponement for five years without interest, with the exception of Russian Minister who has not yet received instructions. 5% effective customs duties in principle agreed upon, but several representatives make incidental counter demands, particularly French Minister who, I am confidentially informed, desires to obtain further special advantages in Yunnan.

The Chinese Government has a surplus of 7,000,000 dollars proceeds of customs duties, but though the other Ministers agree to release two millions Italian Minister refuses until certain irrelevant demands are satisfied. * * *

REINSCH

File No. 893.51/1804

AMERICAN LEGATION,
Peking, September 7, 1917, 5 p. m.

Minister of Finance informs me that he will begin on Monday negotiations with the representatives of Consortium for a loan of approximately 200,000,000 Mexican dollars for the purpose of currency reform exclusively, offering as security the surplus revenues from salt and maritime customs and the Government's profits from seigniorage on the subsidiary coinage and from smelting of copper cash.

REINSCH

File No. 893.51/1804

The Secretary of State to Ambassador Page

[Telegram]

DEPARTMENT OF STATE,
Washington, September 8, 1917, 4 p. m.

5399. The Department is today sending to the British Embassy here the following communication:

On the twenty-first of August last His Britannic Majesty's Chargé d'Affaires handed to the Secretary of State a memorandum relating to the requests of the Chinese Government for certain loans for currency reform and administrative purposes aggregating a very large sum.

His Britannic Majesty's Government was stated to view these requirements with considerable alarm inasmuch as the terms of issue and of interest would necessarily be so unfavorable to China as to make such heavy financial obligations at this time seem very inadvisable. The Secretary of State was informed that His Britannic Majesty's Chargé d'Affaires at Peking would, therefore, be instructed to point out to the Chinese Government that the Chinese financial situa-

tion ought shortly to be far more favorable than for a long time past because of prospective suspension of indemnity payments, increase in customs duties and other additions to China's revenues.

The American Government was requested to send similar instructions to the American Minister at Peking. His Britannic Majesty's Government observes further that if the Chinese Government should persist in their requirements the only member of the Allied Governments which was in a position at present to furnish the money was Japan which would consequently acquire a predominant position in Chinese financial matters.

The Department of State replied to the memorandum of His Britannic Majesty's Embassy on August 24 stating that no official intimation had been received by the United States Government of the request for the loans to which the memorandum referred, but that the Department of State shared the opinion of His Britannic Majesty's Government that that time was inopportune for the assumption by China of such heavy financial liabilities as were contemplated and that the American Minister had been instructed in this sense and authorized so to state to the Chinese Government if they should consult him in regard to the matter.

The Department of State is, therefore, very much surprised to receive from the American Legation in Peking this morning a cable message stating that the Chinese Minister of Finance on Monday next will begin negotiations with the representatives of the international Consortium for a loan of approximately 200,000,000 Mexican dollars for the purpose of currency reform exclusively, the loan to be secured by the surplus revenues from the salt gabelle and the maritime customs and the Government's profits from seigniorage and from the smelting of copper cash. The Department of State would be glad to be informed whether His Britannic Majesty's Government has found reason to modify its attitude towards the proposed loan and whether the participation of the British banks will have the support of their Government.

Please confer with the Foreign Office and ascertain its views.

LANSING

File No. 893.51/1813

The British Ambassador to the Secretary of State

[Memorandum]

With reference to State Department memo of September 8,¹⁷ the British Embassy has the honour to state that in the Foreign Office telegram, the sense of which was communicated by the Embassy on August 21, Mr. Balfour suggested that in the event of the proposed representations to the Chinese Government proving without result, it would be a matter for consideration of the U. S. Government whether an American Group should not be placed in a position to participate in any advances required by the Chinese Government. This suggestion was communicated verbally and was not embodied in the written memorandum which dealt with the immediate question of granting the advances. It would seem to appear that the U. S. Government has not been informed of the failure of the representations and of the action proposed in consequence. The British Embassy has at once informed Mr. Balfour of the substance of the State Department's memo of September 8, and hastens to communicate to the State Department in writing Mr. Balfour's already expressed desire for U. S. co-operation.

BRITISH EMBASSY,
Washington, September 9, 1917.

¹⁷ Quoted in Department's telegram No. 5399 to the American Ambassador at London.

File No. 893.51/1805

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
London, September 11, 1917, 4 p. m.

7150. Your 5399, September 8, 4 p. m. Foreign Office expresses tentatively agreement with your views and tell me they know nothing of the desired loan of 200,000,000 Mexican dollars.

They will however communicate with British Legation, Peking, and send me definite answer later.

PAGE

File No. 893.51/1804

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, September 13, 1917, 3 p. m.

Your September 7, 5 p. m. The Chinese Minister on behalf of his Government has requested a loan of 100,000,000 dollars. The matter is having careful consideration and the Minister has been told that for the present a loan of 25,000,000 dollars may probably be had.

LANSING

File No. 893.51/1806

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, September 15, 1917, midnight.

Your telegram of September 13, 3 p. m. I earnestly request no commitment be given in regard to proposed advance until you shall have considered telegraphic report that I am now preparing.

REINSCH

File No. 893.51/1807

[Telegram—Extract]

AMERICAN LEGATION,
Peking, September 16, 1917, midnight.

Your September 13, 3 p. m. No advance for general purposes is now needed by China or could be made advantageously to its interests and those of the Allies unless so controlled as to assure its application to specific enterprises. What with cessation of German and Austrian indemnities and postponement of Allied indemnities, the Chinese Government will be in a more prosperous condition than for many years, even without the second reorganization loan now under negotiation with the Consortium as reported in my September 7, 5 p. m. Participation in that loan would have a value as affording counterpoise to the dominant influence of course [of Japan?] in the Consortium, which is exerted to curtail fiscal independence of China. Any independent loan could however be financially or politically justified by specific purposes to which it might be devoted. * * *

In considering any advances that may be made to the Chinese Government as at present constituted, it is impossible to ignore dangers of waste and of simple malversation. A fair share of control in such matters rests in the hands of persons who, in spite of the personal integrity of the Prime Minister, are unscrupulous and utterly indifferent to any considerations but their direct profit and the indirect advantage which they may anticipate from subservience to the particular interests of Japanese Consul [Government?]. Other elements of the Government may with equal confidence be expected to utilize every financial advantage to secure the position of the military clique as against the southern radicals. Adequate security and strict control of expenditures are the only safeguards against having our money played as a pawn against ourselves in international politics and against the parliamentary party in domestic politics. Under present conditions an unguarded general loan by us would be merely a means for compelling the northern party to play into the hands of Japan by resorting to her for supplies and for guidance, which in view of the platonic character of Japan's participation in the war would seem scarcely worth the price, and would assuredly arouse the resentment of the south against the association of our country with pecuniary assistance which would enable the northern military party to buy up the support of its more prominent opponents and otherwise to fortify its position. On the other hand, financial assistance for a constructive national purpose would increase the existing good will. In view of these circumstances I beg earnestly to recommend that no funds be freely given to the present Government to dispose of, but that all sums which our Government may be disposed to make available should be, first, charged against definite revenues; second, restricted to definite war purposes and controlled so as to remove them from the possibility of manipulation for the purposes of strengthening the military party against the Republicans and of strengthening Japanese influence as against American and foreign interests. Nor(?), I venture to suggest, should any advances be made for the Government of America without some understanding which would definitely and unequivocally commit the Chinese Government to the [assurance?] that it should make no undertakings or commitments inconsistent with its own political and territorial integrity or with the absolutely equal opportunity of Americans within that territory in economic and commercial enterprises. Also I venture to suggest that it would be salutary and advantageous to all concerned to insist that all obligations incurred by the Chinese Government should be communicated to all the Allies and made public at the request of any one of them within a specified period of say one month after conclusion.

REINSCH

File No. 893.51/1808

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
London, September 19, 1917, 5 p. m.

7201. Your 5399, September 8, 4 p. m., and my 7150, September 11, 4 p. m. Foreign Office has received a telegram from Alston, British Chargé d'Affaires at Peking, and now writes me as follows:

Mr. Alston states that in the course of a private and unofficial discussion of the Chinese Government's loan projects which took place between the representatives of the Consortium and the Minister of Finance, the latter made certain informal proposals in regard to a loan for currency reform purposes which the Group representatives could not decline to examine but that the matter has not gone beyond the stage of informal discussion.

Mr. Alston has been informed by telegraph that although His Majesty's Government are fully alive to the advantages of currency reform in China, they have not modified their views in regard to the Chinese Government's loan proposals which were explained in the memorandum handed to the Secretary of State by His Majesty's Chargé d'Affaires in Washington on the 21st ultimo.

PAGE

File No. 893.51/1807

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, September 20, 1917, 7 p. m.

Your September 7, 5 p. m. and September 16, midnight. The loan to China now under consideration by the American Government is intended as a substitute for the Consortium loan now under consideration in Peking. It is felt that of the Powers in the Consortium Group all are very heavy borrowers from the United States, except Japan, and not in a condition to furnish China money. If the Consortium loan should be made, Japan would be the lender and would have the backing of the Allied Group. This is undesirable.

LANSING

File No. 893.51/1809

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, September 24, 1917, 6 p. m.

Your September 20, 7 p. m. If independent financial assistance can be advanced to China the fundamental needs of the situation will be met. Participation by the Consortium was advocated only as a *pis aller*.

But in order that our Government may have a clear understanding of the situation I have to report the following facts: As the Chinese Government has delayed arrangement a movement is gaining strength and enlisting progressive Chinese support. Japanese influence over the Government exercised through the Minister of Communications, Minister of Finance, Minister of Interior, is apt to be developed into control. Spongi [Tuan?] is loyal, but so intimidated, stated in the presence of Admiral Knight that the Government did not dare to announce its readiness to send hundred thousand troops to Europe for fear of diplomatic complications. Japanese policy apparently is to discourage Chinese Government giving substantial military assistance in order not to strengthen Chinese army and national life generally. The Chinese are flooded with reports of Russian weakness. Recently they have been frightened by the report that Japan is on the point of changing sides in the war. Allied Legations cannot take any effective initiative because they must discuss everything with Japan.

Therefore there is every reason to exercise care in order that the proposed action may not defeat essential purposes of the United States. If independent American assistance is to be clearly connected with indication [intention?] of inviting China to enter the war and especially with the note of June 7¹⁸ its effect will be liberating in the highest degree. If it is made without such connection, as an isolated act, its effect will be to strengthen combination manipulated by the Japanese through Liang and Tsao to be used in suppressing by force the South and the parliamentary party, thus aiding everything that is vicious and opposed to American ideas.

But if assistance is made conditional upon the restoration of Chinese national unity evidenced by the convocation of Parliament, it would strengthen Chinese national life and set free her energies effectively for use in war. According to the method pursued, this loan will tend either to unify China and prepare her for efficient national action, or furnish the means for corruption and civil strife in an effort of the dominant faction to fasten its power upon the country. If applied with foresight the loan will greatly strengthen the policies for which the United States is contending.

It would be advisable to specify uses of the loan but upon the conditions just mentioned reliable forces in Chinese public life would be so strengthened that the application of the funds to such pressing needs as sending expedition to Europe and restoring national bank credit might be expected.

I earnestly commend to your consideration the suggestions in my telegram of September 16, midnight.

REINSCH

File No. 893.51/1808

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,

Washington, September 25, 1917, 4 p. m.

The Department has received a telegram from the Ambassador at London stating that the British Foreign Office had written him that Alston telegraphed to the effect that in an unofficial discussion of the Chinese Government's loan projects the Chinese Minister of Finance made some informal proposals to the representatives of the Consortium concerning a loan for currency reform which Group representatives could not decline to examine, but that the matter had not gone further than the stage of informal discussion.

The British Foreign Office telegraphed Alston that while His British Majesty's Government appreciated advantages of currency reform in China, they have not modified their views regarding these loan proposals as explained to Secretary of State in memorandum of August 21. Substance was communicated to you in Department's August 22, 4 p. m.

LANSING

¹⁸ Should be June 6, communicating message contained in Department's telegraphic instruction of June 4, 3 p. m., printed under Political Affairs, p. 48, above.

File No. 893.51/1822

Minister Reinsch to the Secretary of State

No. 1645

AMERICAN LEGATION,
Peking, September 28, 1917.

SIR: I have the honor to submit the following memorandum on the financial situation.

On account of the favorable rate of silver the revenues of the Government have increased, as far as application to the foreign loan is concerned; hence the Government is in a fairly favorable financial situation. The greatest need is the restitution of the Government bank notes to their par value; at present the notes of both banks range between seventy and eighty. Two parties in the Government are making attempts to secure foreign loans; both have connections with Japanese interests.

The Minister of Finance, his excellency Liang Chi-chao, is cooperating with the Yokohama Specie Bank which at the present time is taking the lead in the international Consortium. He is pinning his hope to a large loan to be made for the purpose of currency reform. He receives no encouragement from the other party in the Government.

The Communications party (Chiao-tung faction) is represented by his excellency Tsao Ju-lin, the Minister of Communications. He is cooperating with a Japanese group made up of the Industrial Bank of Japan, the Bank of Chosen and the Bank of Formosa. They have now completed negotiations for a loan of twenty million dollars which is to be applied to the rehabilitation of the Government bank notes. The Premier informed me that it was likely that another loan of twenty million dollars would follow.

While the two Chinese parties involved in these financial dealings are under the surface bitterly opposed to each other, the Japanese interests involved are both acting in direct assistance of their Government. The loan of twenty million dollars was originally discussed at the time when Japan was urging the entry of China into the war last March. It was at that time opposed by Parliament. As Parliament is not now in session the parties interested are on the point of consummating the loan, to which otherwise objection might be made.

I have [etc.]

PAUL S. REINSCH

File No. 893.51/1815

The British Embassy to the Secretary of State

[Memorandum]

No. 357

The British Embassy present their compliments to the Department of State and, with reference to the latter's memorandum of September 8, 1917, have the honour to state that they have received a telegram from Mr. Secretary Balfour from which it appears that a memorandum was communicated to the United States Embassy on September 17 explaining the position, as understood by His Majesty's Government, with regard to an application of the Chinese Government for a loan of 20,000,000 pounds for currency reform.

The Embassy are instructed to inform the State Department that it appears from advices received by His Majesty's Government from Tokio that the Japanese Government are supporting the Chinese application on the grounds of the importance of currency reform, and that that Government are themselves ready to advance half the necessary sum. It seems further that the Japanese Minister for Foreign Affairs himself suggested that the United States Government might be willing to reconsider the attitude which they have hitherto adopted in regard to political loans to China, and might advance the other half. The Minister for Foreign Affairs expressed the opinion that a strict control should be exercised over the disbursements and, in this connection, he referred to the fact that the Allied Powers had acquiesced in the appointment of a Japanese adviser to carry out this requirement.

Mr. Secretary Balfour has instructed the British Embassy, in communicating the above for the confidential information of Mr. Secretary Lansing, to convey to him the view of His Majesty's Government that it would now be useless to endeavour to persuade the Chinese Government to abandon this loan project by pointing out to them that the moment is inopportune for the issue of such a loan and that it is unnecessary, having regard to the fact that the Japanese Government agree to the Chinese application. The fact must now be faced that the issue is inevitable. The Allied Powers are, as the Japanese Minister for Foreign Affairs points out, committed to the appointment of a Japanese financial adviser to supervise the issue of the next loan, and a degree of undivided control over the finances of China would be obtained by Japan were they, in addition, to be the sole subscribers to the loan.

In the circumstances and in view of the fact that it is the Japanese themselves who suggest American participation, it appears to His Majesty's Government that the Department of State may wish this participation to materialise and, in that event, the decision would be most welcome to His Majesty's Government.

The cooperation of an American Group, by which a portion of the projected loan could be subscribed, and a residuary participation of a British Group provided for in Article 4 of the Sextuple Group Agreement of 1912, would ensure to the American and British Governments some voice in the elaboration of currency reform and in the control of the scheme.

BRITISH EMBASSY,
Washington, October 3, 1917.

File No. 893.51/1817

The British Embassy to the Secretary of State

[Memorandum]

The British Embassy present their compliments to the Department of State and, with reference to the former's memorandum of October 3, have the honour to state that a further telegram has been received from Mr. Secretary Balfour from which it appears that his Majesty's Government have now been approached officially by the Japanese Ambassador at London on the subject of the proposed Currency Re-

form Loan to China. His excellency stated that no departure from the principle accepted by the Governments and banks concerned of incorporating the Currency Reform Loan in the second Reorganisation Loan is constituted by the present project, which may be regarded as a partial modification supplementary to the Reorganisation Loan proposed last year. The Japanese Government asked His Majesty's Government to issue the necessary instructions to the British Group with a view to the progress of the negotiations being facilitated by them in cooperation with the other groups concerned.

His Majesty's Government are, therefore, anxious to know whether any decision has been come to by the Government of the United States in regard to the suggested participation of an American Group.

Mr. Secretary Balfour proposes to inform the Japanese Ambassador that the British Group will be communicated with in the sense desired by the Japanese Government.

BRITISH EMBASSY,

Washington, October 8, 1917.

File No. 893.51/1830

Minister Reinsch to the Secretary of State

No. 1661

AMERICAN LEGATION,

Peking, October 9, 1917.

SIR: I have the honor to transmit for your information copies of the agreement signed August 28, 1917, for an advance of Yen 10,000,000 made by the Yokohama Specie Bank to the Chinese Government.

I have [etc.]

PAUL S. REINSCH

[Inclosure]

AGREEMENT FOR AN ADVANCE OF YEN 10,000,000

The Government of the Republic of China, being now desirous of making a loan of Yen 10,000,000, as an advance on the Supplementary Reorganization Loan which it has been proposed to negotiate with the Four Power Banking Group, has suggested that this be effected by a Japanese Banking Group. Therefore, the Minister of Finance, representing the Government of the Republic of China (hereinafter referred to as the Chinese Government), and the Yokohama Specie Bank (hereinafter referred to as the Bank), representing the Japanese Government, have drawn up this agreement, the provisions of which are as follows:

Article 1. The Bank guarantees, within ten days from the conclusion of this agreement, to advance Yen 10,000,000, to be handed over to the Chinese Government in accordance with the provisions of Article 4 of this agreement.

The Chinese Government agrees that the Bank, within ten days from the conclusion of this agreement, will issue Chinese Government Treasury Certificates in Japan to the total amount of Yen 10,000,000, the proceeds of this issue to be applied to the service of this advance. The Treasury Certificates will bear the date when issued and will be called the Treasury Certificates of the Government of the Republic of China of the 6th Year of the Republic (that is the 6th Year of Tacheng).

Article 2. The period for the redemption of the Treasury Certificates will be fixed at one year from the date of issue. Ten days before the date of redemption the Chinese Government will hand over to the Bank the actual amount of Yen 10,000,000 to be applied for redemption purposes. The Chinese Government will assemble in Kuei Yin and (or) national currency a sum sufficient to cover the payment in Japan, on due date, of Yen 10,000,000 and will hand the same over to the Bank at Shanghai, the rate of exchange being settled with the Bank on the same date or at any time within six months preceding. If the Chinese Government has Japanese currency on actual de-

posit in Japan, not for the purpose of redeeming the Treasury Certificates, such deposit can be used ten days before due date to redeem the loan, but the Bank must be so informed two months before due date.

Article 3. The Treasury Certificates will pay interest at the rate of 7% per annum from the date of issue in Japan and will be discounted at 93.

Article 4. The actual proceeds of the issue of the Treasury Certificates, set forth in Article 3, will have deducted therefrom by the Bank 1% banking commission, or \$1.00 for each certificate of the face value of \$100, and also the expense of printing the Treasury Certificates in Japan, which should amount to about \$3,000. The whole of the balance will be deposited on the third day after issue in the Bank at Yokohama to the account of the Chinese Government and subject to the disposition of the Minister of Finance. This deposit will bear interest at the rate of 3% per annum.

The deposit referred to in the previous paragraph will be remitted by the Bank to China each week, the amount remitted to be agreed upon with the Bank, and not to exceed Yen 2,000,000 per week.

Article 5. The proceeds of the Treasury Certificates will be applied only to administrative expenses for the months of July, August and September of this year. The detailed use to which they are put will be embodied in a separate statement which will be communicated to the Bank as a supplement to this agreement.

Article 6. The Treasury Certificates will be secured on the whole amount of the salt receipts of the Chinese Government, except that part which has been fixed as the security of former loans which have not yet been liquidated.

Article 7. The procedure and conditions governing the disposition of the proceeds of the Treasury Certificates by the Minister of Finance will all be in accordance with Article 14 of the Reorganization Loan Agreement of the 2d Year of the Republic of China.¹⁹

Article 8. The Minister of Finance, representing the Chinese Government, on the date of issuing the Treasury Certificates in Japan, as stipulated in Article 1 of this agreement, will temporarily issue one Chinese Government General Treasury Certificate for Yen 10,000,000 and deposit it at the Bank at Peking as a guarantee. This General Treasury Certificate will be returned to the Ministry of Finance for cancellation on the date when the subsequent issue of Treasury Certificates provided for has all been printed. The form, lettering, and denomination of the Treasury Certificates issued in Japan will be settled between the Bank and the Chinese Minister at Tokio, in accordance with the practice of foreign banks issuing Treasury Certificates in Japan.

The Treasury Certificates will have engraved thereon the signatures and seals of the Minister of Finance and the Chinese Minister at Tokio as a guarantee of the consent of the Chinese Government to the issue of the Treasury Certificates and of the security thereof. The Director General of the Bank will also affix his signature and seal to the Certificates as agent.

On the date of the conclusion of this agreement the Chinese Government will telegraph the Chinese Minister at Tokio to act in accordance with the provisions of this article.

Article 9. When the period of the Treasury Certificate is about to fall due, if the Chinese Government wishes to extend the period of this advance, it will notify the Bank two months before due date. The Bank will then agree to undertake a Second Issue of Treasury Certificates for a term of one year and will exchange the old Certificates for new ones. The procedure and conditions governing the issue will be as follows:

(1) The Second Issue of Treasury Certificates will take place three days before the expiration of the (original) Treasury Certificates. The rate of interest and banker's commission will be agreed upon in accordance with market conditions one month before issue.

(2) Ten days before the expiration of the term of the (original) Treasury Certificates the Chinese Government will reckon the difference between Yen 10,000,000 to redeem the (original) Treasury Certificates, and the net proceeds of the Second Issue of Treasury Certificates and will assemble a sum sufficient to make good this amount in Kwei Yin Tails and (or) national currency and hand it in to the Bank at Shanghai to be remitted to Japan, the remittance rate to be settled in consultation with the Bank on the same date.

(3) The Chinese Government agrees that, beginning from the date of the Second Issue of Treasury Certificates, it will deposit at regular intervals a certain

¹⁹For. Rel. 1913, p. 180.

amount of the receipts of the salt administration at the Bank at Shanghai as a reserve for the redemption of the said Treasury Certificates, said reserve to pay interest at the rate of 5% per annum. The date for depositing the same and the amount to be deposited at each time will be agreed upon with the Bank one month before the issue of the said Treasury Certificates.

(4) The procedure and conditions other than as stated in the preceding paragraphs will be governed by the provisions of this agreement.

Article 10. The (original) Treasury Certificates will be redeemed, upon the conclusion of the Supplementary Reorganization Loan, with the proceeds of the said loan upon which they will be a first charge.

Article 11. The provisions of this agreement will be communicated by means of a formal note by the Ministry of Foreign Office to the Japanese Minister at Peking.

Article 12. This agreement will be drawn up in Chinese and Japanese, four copies being made of each. The Chinese Government will keep two copies and the Bank two copies of each. In case of disagreement the Japanese text will be the deciding one.

MINISTER OF FINANCE LIANG.

28th day of the 8th month of the 6th Year of the Republic of China.

28th day of the 8th month of the 6th Year of Tacheng (August 28, 1917).

REPRESENTATIVE OF THE YOKOHAMA SPECIE BANK "CH'Ü-T'Ä-I-HSIAO-T'ÄEN-CH'ÄEH-WAN-SHOU-CHIH-CHU"

File No. 893.51/1819.

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION.

Peking, October 11, 1917, 1 a. m.

The French and British Group representatives are greatly alarmed at the currency loan prospects. Minister of Finance proposed the loan to the Consortium representatives at a meeting he had invited without indicating his purpose. The Japanese bank as well as the Russian assumed for themselves a completed status in relation to currency loan although their *locus standi* is not derived directly from the Chinese Government but through agreement with other Consortium banks which alone have option rights with the Chinese Government. The British and French banks have asked for a further extension of the option provided in the currency loan which now expires October 14. French Chargé d'Affaires has informed the Chinese Government that a refusal of this request would be considered unfriendly. Nevertheless it is feared that Minister of Finance will decline the extension and that then his new proposal which was made to the Consortium Powers indiscriminately will have the right of way. Apparently this would put the matter practically in the hands of the Japanese who at present lead Consortium and will enable them to obtain final control over China; should the Consortium however decide not to make the loan Japan could then make it herself. For this reason it seems to the British and French imperative that the option should be extended.

The French banking representative has asked me whether, in view of the fact that currency reform in China has always been considered a leading interest of America, the American Government could not do something to prevent the dangerous consummation indicated. Prime Minister does not favor this loan but cannot at present dispense with [the support?] of Minister of Finance. No satisfactory solution is apparent except for the United States either to join with

other Powers in a currency loan made under the leadership to which past action entitles it or without delay to give direction to Chinese policy toward joint war action including necessary financial assistance.

In addition I beg particularly to submit to your consideration the suggestion that the American Government should approach the British and French, and eventually the Chinese Governments, with the view that the result [history?] of currency loan negotiations carried on with the assistance of our Government on the basis of its interest in the treaty obligation of China to provide uniform coinage and embodied in the Agreement of April 15, 1911,²⁰ involved a [recognition of?] general American interests over and above such individual rights as [accrued?] to so called American Group and [could not be?] waived upon its withdrawal from the reorganization loan; that it considers that it retains such an interest in Currency Loan Agreement as would entitle it to be consulted in connection with any loan made for purposes of that agreement; and that it consequently expects that *status quo* in regard to it will be maintained by a further extension of the option until such time as the Government of the United States, in consultation with the other Governments whose nationals are parties to the agreement, shall have determined the question of its assuming either directly or through some designated financial agency the position considered to have been granted principal [to?] American interests in connection with the project for currency reform.

REINSCH

File No. 893.51/1821

AMERICAN LEGATION,
Peking, October 12, 1917, 9 p. m.

My October 11, 1 a. m. Currency loan option has been extended six months.

REINSCH

File No. 893.51/1819

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, October 13, 1917, 2 p. m.

Your October 11, 1 a. m. The British Embassy here has handed several memoranda to the Department dealing with the proposed currency loan, communicating the views of His Britannic Majesty's Government. The Department is basing a claim to participation in any currency loan upon the whole history of the project including the appeal to this Government by China in January, 1903, for assistance in that reform, its conferences with Dr. Jenks in 1903-1904 and its request for a loan for currency reform in 1910.²¹ This request was presented to the United States Government and not to any banking group. The American Government has never abandoned interest in the matter. You will so state to the Chinese Government and ask that action be deferred until this Government has time to make its representations.

LANSING

²⁰ Currency Reform and Industrial Development Loan; For. Rel. 1912, p. 95.

²¹ Chinese Loan Negotiation; For. Rel. 1912, p. 87 *et seq.*

File No. 893.51/1794

The Secretary of State to the French Ambassador

No. 1969

DEPARTMENT OF STATE,
Washington, October 16, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of August 4, 1917, relative to the proposals of the Japanese Government concerning a consortium loan to China.

In reply to your request for an expression of opinion as to the views of the Government of the United States on the subject discussed in your note I have the honor to state that the matter is having at present the careful consideration of this Government which cannot at this time express an opinion relative thereto.

Accept [etc.]

ROBERT LANSING

File No. 893.51/1815

The Secretary of State to the British Ambassador

No. 1835

DEPARTMENT OF STATE,
Washington, October 16, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of the memoranda of October 3 and October 8, 1917, from your Embassy, relative to a proposed Currency Reform Loan to the Chinese Government.

In reply to the request for information as to the decision of the Government of the United States on the subject discussed in the memoranda under acknowledgment, I have the honor to state that the matter is having at present the careful consideration of this Government which cannot at this time express an opinion relative thereto.

I have [etc.]

ROBERT LANSING

File No. 893.51/18

Minister Reinsch to the Secretary of State

No. 1684

AMERICAN LEGATION,
Peking, October 26, 1917.

SIR: I have the honor to transmit for your information copies of an agreement for a loan of 20,000,000 yen made between the Bank of Communications and three Japanese banks, on September 28, 1917. Incidental correspondence concerning this loan has not been communicated to me.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Translation]

TWENTY MILLION YEN LOAN AGREEMENT BETWEEN THE CHINESE BANK OF COMMUNICATIONS AND THE JAPANESE INDUSTRIAL DEVELOPMENT BANK, SEPTEMBER 28, 1917

The Bank of Communications of the Republic of China (hereinafter referred to as A), with the object of reorganizing its affairs, in addition to the loan of Yen

5,000,000, concluded on the 20th day of the 1st month of the 6th year of the Republic of China (the 20th day of the 1st month of the 6th year of Taisho, i. e., January 20, 1917) with the Japanese Industrial Development Bank (hereinafter referred to as B), representing the Japanese Industrial Development Bank, the Bank of Chosen, and the Bank of Taiwan, will make a supplementary loan of Yen 20,000,000, and has agreed upon the following articles:

Article 1. The amount of this loan will be Yen 20,000,000.

Article 2. The repayment of the principal of this loan will take place three years after the date of signing this agreement, or on the 27th day of the 9th month of the 9th year of the Republic of China, that is, on the 27th day of the 9th month of the 9th year of Taisho (September 27, 1920).

Article 3. The rate of interest of this loan will be $7\frac{1}{2}\%$ per annum, that is, on every Yen 100 there will be paid Yen 7.50 interest.

Article 4. The first interest on this loan will be reckoned in accordance with the number of days from the date of the payment of the principal to the 14th day of the 1st month of the 7th year of Taisho (January 14, 1918) and will be paid in advance. Thereafter six months interest will be paid in advance on January 15th and July 15th of each year.

In case A should be in arrears in regard to the interest payments referred to in the preceding paragraph A will pay interest to B on the delayed interest payments at the rate of $7\frac{1}{2}\%$ per annum.

Article 5. Upon receipt of the loan, A will deposit it with B to be drawn upon at any time as needed, the arrangements in regard to the interest on the deposit and the remittance of the loan funds to be separately agreed upon.

Article 6. The loan will be paid at face value and there will be no commission charges.

Article 7. The repayment of the principal and the payment of the interest of this loan will take place at Tokyo.

Article 8. The whole or a part of this loan may be repaid before due date but in such case A must give prior notice three months in advance.

Article 9. A will give the following security for the repayment of the principal and the payment of the interest of this loan:

A Treasury Certificate of the Republic of China of the face value of \$25,000,000.

Article 10. A will draw up and hand to B at Peking a power of attorney, empowering B to receive the full amount of the security named in the preceding article at face value. B will draw up and hand to A a certificate setting forth that the security is held in trust.

Article 11. In case A should be in arrears in regard to the repayment of the principal and the payment of interest, B can apply the security named in Article 9 at will to the settlement of the account.

Article 12. In case during the period of this loan A should require another considerable loan from a foreign country, A will consult first with B.

Article 13. The repayment of the principal and the payment of the interest of this loan will be guaranteed by the Government of the Republic of China.

Article 14. After receiving the guarantee mentioned in the preceding article and the security named in Article 9, B will hand to A at Tokyo the full gold face value of this loan less the deduction of the first interest payment.

Two copies of this agreement in Chinese and two in Japanese will be drawn up, signed, and sealed and A and B will each keep one copy of each text. In case of disagreement in regard to the construction of the agreement the Japanese will be the binding text.

The 28th day of the 9th month of the 6th year of the Republic of China.

The 28th day of the 9th month of the 6th year of Taisho (September 28, 1917).

TS'AO JU-LIN,

Director General of the Bank of Communications [SEAL]

JEN FENG-PAO,

Assistant Director General of the Bank of Communications [SEAL]

"CHIH-LI-T'IEH-TZ'U-LANG,"

For the Industrial Development Bank

"SHAN-CH'ENG-CH'IAO-LIU,"

Manager of the Bank of Taiwan [SEAL]

File No. 893.51/1824

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, November 2, 1917, 10 p. m.

Your telegram of October 15 [13], 2 p. m. has been communicated to the Chinese Government and the interest shown by the American Government is greatly appreciated by the Chinese as well as the British and French. I am also confidentially informed that the Japanese have indicated to the Minister of Finance that they view with favor the prospect of American participation.

The representatives of Consortium have received recently instructions to proceed with negotiating a second reorganization loan for the purpose of currency reform. They have so informed Minister and have requested him to submit detailed plans of reform: but although joining in this request the Japanese Bank favors making the loan unconditionally and leaving the details of reform to be elaborated by the currency advisers to be provided for by the loan agreement.

It is learned that, since the withdrawal of the American Group from the Consortium in 1913, the remaining parties to Currency Loan agreement of 1911 have pooled their rights therein with those held jointly by the Consortium which negotiations delayed by the reorganization loan, and have obtained the consent of the Chinese Government to the proposal that any loan for the purposes of the currency loan agreement should be included in a further reorganization loan in the negotiation of which the Japanese and Russian banks would participate. This agreement is of fundamental importance as it enables the currency loan to be secured upon the sole available revenue adequate for the purpose, namely, the salt revenue, the option in the hypothecation of which is claimed by the Consortium as a vested right under Article 17 of the Reorganization Loan.

It is understood also that in January last Consortium banks adopted a resolution to invite the American Group to resume its participation or to designate some other American financial organization to succeed to its rights in respect to the reorganization loan.

The way would therefore seem to be open for an arrangement by which either the old or a new group could represent American interests in the pending negotiations for a reorganization loan to be devoted to currency reform. If such an arrangement is feasible it would obviate difficulties inseparable from direct participation by our Government and would be entirely agreeable to the French and British Groups and incapable of objection or obstruction by the other interested parties.

Minister of Finance is determined to make this loan without delay and in view of like haste on the part of the Japanese it is urgent that our Government take action for the purpose of realizing the American interest asserted. The critical situation calls for early appointment of a representative fully qualified to appreciate and to cope with political as well as technical difficulties to be expected in making effective our claim to participation. Pending such appointment I would recommend that some one now here be designated immedi-

ately to represent the American interest to the extent of attending meetings of the bankers in order to keep informed of the course of the negotiations now in progress.

REINSCH

File No. 893.51/1824

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, November 9, 1917, 5 p. m.

Your November 2, 10 p. m. Proposal for American participation in Consortium being favorably considered. Will probably undertake to organize at once new American Group. Will keep you informed of developments.

LANSING

File No. 893.51/1826

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, November 10, 1917, 2 p. m.

My telegram November 2, 10 p. m. Minister of Finance by a formal letter to the representatives of the Consortium, received last night, requested an immediate advance of 2,000,000 pounds upon the supplementary reorganization loan, this sum to be used for the redemption of notes of the Bank of China: he stated that [failing ?] to receive the requested advance the Chinese Government would seek the money from other sources. In the negotiations thus far it has appeared that the Japanese bank alone favors making an advance before completing negotiations for conclusion of the new reorganization loan.

It is feared that the present request for immediate advance will result in giving Japanese bankers, perhaps independent of Consortium, the right to make a loan under terms establishing Japanese control of the Bank of China as well as the Bank of Communications.

REINSCH

File No. 893.51/1827

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
London, November 12, 1917, 2 p. m.

7672. Department's 5399, September 8, 4 p. m., and my 7201, September 19, 5 p. m., relative suggested participation of American Group in proposed loan of 20,000,000 pounds to China for currency reform purposes, Foreign Office now write me as follows:

Chinese Minister of Finance has approached the groups composing the present international Consortium with a request for an immediate advance of 2,000,000 pounds in the projected loan.

The Japanese Groups having expressed the opinion that the Consortium should comply with this request His Majesty's Government, who have always in principle been opposed to such advances, inquired of the Japanese Government whether, having regard to the present position of China's finances, they considered that the advance was necessary or advisable.

The Japanese Government replied to the effect that they earnestly desired to conclude the advance in order to rehabilitate the Bank of China which was a matter of extreme urgency owing to the fall in the value of the notes issued by that institution and the consequent depression in trade and abnormal losses caused to native and foreign merchants. They considered that it would be absolutely impossible to accomplish this unless the advance of 2,000,000 pounds was agreed to. They hoped therefore that His Majesty's Government would reconsider the matter and instruct the British Group to accede to the Chinese Government's application. In these circumstances His Majesty's Government deemed it advisable to meet the wishes of the Japanese Government and the British Group has been informed accordingly so that the necessary instructions may be sent to their representative in Peking to consent to the proposed advance on the second issue of the reorganization loan which is now under negotiation.

Mr. Balfour considers it desirable to bring the foregoing facts to Mr. Page's knowledge in order that the position of His Majesty's Government and that of the British Group in the Consortium in regard to this advance may be perfectly clear to the United States Government in the event of a decision being reached in respect of the participation of an American Group in the new loan.

PAGE

File No. 893.51/1826

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,

Washington, November 14, 1917, 5 p.m.

Your November 2, 10 p. m., and November 10, 2 p. m. The Department has received from London a telegram stating that the Japanese Government was earnestly desirous of having the requested advance of 2,000,000 pounds made in order to rehabilitate the Bank of China, which was considered to be a very urgent matter owing to the depreciation of its notes and depression in trade due thereto and losses to native and foreign merchants. His Britannic Majesty's Government, desiring to meet the wishes of Japan, so informed the British Group which instructed its representatives in Peking to consent to the proposed advance.

For your information and guidance. The Department is arranging a conference with bankers in an endeavor to have an American Group participate in the proposed loan.

LANSING

File No. 893.51/1837

The French Ambassador to the Secretary of State

[Translation]

FRENCH EMBASSY,

Washington, November 19, 1917.

MR. SECRETARY OF STATE, In announcing to me that negotiations on the loan for the Chinese currency reform have been entered into at Peking by the Chinese Government and the four representatives of the Consortium, the Minister of Foreign Affairs of the Republic brings to my notice the inclination ascribed to the Japanese Government to carry the transaction to the earliest possible conclusion and consequent

advantage there would be in having the United States agree to re-enter the Consortium and designate a financial group to represent its interests in the loan.

A later communication from my Government informs me that the Minister of France at Peking has reason to believe that the Japanese have told the Chinese Government that they would not object to American participation in the currency reform loan. This declaration, in my Government's opinion, would make it but more desirable to designate an American Group in position to join in the contemplated transaction.

I am lastly instructed to impart to your excellency the information that, so far as the appointment of a Japanese financial adviser is concerned, the Government of the Republic has directed its representative in China to withhold his consent if the currency reform is to be dealt with, but to grant it if it be a question of taxes on real estate.

Be pleased [etc.]

JUSSERAND

Files No. 893.51/1835

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, November 20, 1917, 7 p. m.

Your telegram of November 14, 5 p. m. The Legation learns French Group likewise offers no objection to the proposed Japanese advance, although it and British are alike unable to participate. It is feared that the Japanese may take advantage of the present disorganization of the Chinese Government to make this advance upon terms henceforward restricting financial independence of China. It may be that, if aware of the possibility of the American participation, the British and French Groups would be disposed to prevent a hasty consummation of such an arrangement by asking that negotiations be postponed until it could be ascertained whether an American Group would resume participation.

REINSCH

File No. 893.51/1845

Minister Reinsch to the Secretary of State

No. 1741

AMERICAN LEGATION,
Peking, November 20, 1917.

SIR: I have the honor to enclose herewith a copy of a note (No. 662) which the Legation addressed to the Foreign Office on October 20, 1917, informing it of the contents of the Department's telegram of October 13, 2 p. m., in regard to the participation of American interests in any loan which might be concluded for currency reform. A copy in translation, of the Chinese Government's reply of the 5th instant, stating that it would welcome the reentry of the American Group into the Consortium, is likewise enclosed.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1]

Minister Reinsch to the Minister for Foreign Affairs

No. 662

AMERICAN LEGATION,
Peking, October, 20, 1917.

EXCELLENCY: I have the honor to state that in various recent conversations his excellency the Minister of Finance has discussed with me the project of a loan from foreign sources for the purpose of currency reform, and has requested me to advise my Government of the negotiations now being carried on to that end, in order to ascertain its views as to the participation of American interests in any such loan as might be arranged. Upon referring this matter to my Government, I have now received its instructions to communicate to your excellency its views, in the following sense:

Quite apart from any individual contractual interest accruing to "The American Group" under the Currency Loan Agreement of April 15, 1911, the Government of the United States considers that the whole history of the currency loan project—notably the appeal made to it by the Chinese Government in January, 1904, the conference with Dr. Jenks in 1903 and 1904, and the request for a loan for the purpose of monetary reform which in 1910 the Chinese Government addressed not to any individuals but directly to the American Government—constitutes in behalf of the Government of the United States such an interest in the project as entitles it to be considered in reference to any action which the Chinese Government may contemplate with view to carrying that project into effect. This interest has never been abandoned by the Government of the United States.

Through the extension of the currency loan option from October 14, 1917, to April 14, 1918, an opportunity is now afforded for the American Government to give consideration to the whole matter involved, and I shall in due course acquaint your excellency's Government with the decision arrived at.

PAUL S. REINSCH

[Inclosure 2]

The Minister for Foreign Affairs to Minister Reinsch

No. 665

NOVEMBER 5, 1917.

SIR: I have the honor to acknowledge the receipt of your note (No. 662 of October 20, 1917), stating that the American Group was originally a party to the currency loan, that the appeal made to the American Government by the Chinese Government constitutes in behalf of the Government of the United States such an interest in the project as entitles it to be considered in reference to any action which the Chinese Government may contemplate with a view to carrying that project into effect, and that you would in due course acquaint this Government of the decision arrived at by your Government.

Upon receipt of your note this Ministry wrote to the Ministry of Finance and has now received its reply as follows:

"Our Government would welcome the reentrance of the American Group into the Consortium. After the American Group sends a representative to Peking, he can, in company with the representatives of the British, French, Russian and Japanese Banking Groups, negotiate directly with this Ministry."

I have [etc.]

For the Minister,
KAO ERH-CH' IEN

File No. 893.51/1835

*The Secretary of State to Ambassador Sharp*²²

[Telegram]

DEPARTMENT OF STATE,
Washington, November 22, 1917, 3 p. m.

2838 Department has received today from American Legation at Peking telegram saying that the French Group there, as well as the

²² *Mutatis mutandis* to the American Embassy at London (No. 5876).

British, offers no objection to the proposed advance by Japan of 2,000,000 pounds on the contemplated currency reform loan to China. The Minister adds that neither the British nor the French Group will be able to participate. The Minister states that it is feared advantage may be taken by the Japanese of existing disorganization of China to make such advance upon terms which might hereafter restrict the financial independence of China. You are instructed to inform the French Foreign Office that the American Government earnestly recommends that the French Group participate in the proposed immediate advance of 2,000,000 pounds.

The United States Government is considering the formation of an American Group to participate in the proposed currency loan to China. Should the French Group decide to participate in the initial advance as suggested the American Group when organized might consider a proposition to carry temporarily the future participation of the French Group in the loan.

Department considers it very important that the French Group should participate in the initial advance of 2,000,000 pounds and you are instructed to urge upon the Government of the French Republic that this be arranged. We are telegraphing similarly to London with respect to the participation of the British Group.

LANSING

File No. 893.51/1835

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,

Washington, November 24, 1917, 2 p. m.

Your November 20, 7 p. m. The Department on November 22 instructed the Embassies at London and Paris to urge that British and French Groups participate in the immediate advance of 2,000,000 pounds. It was suggested that if this should be done the American Group might later if desired arrange to carry temporarily the future participation of British and French Groups.

LANSING

File No. 893.51/1846

Mr. G. M. Gest to the Secretary of State

NEW YORK CITY, December 17, 1917.

SIR: In further reference to the inquiries made by the writer regarding the Lee, Higginson and Company contract with the Chinese Government under date of April 7, 1916,²³ I would be pleased to be advised of the attitude you take in the premises as expressed in your letter to the Secretary of the Treasury, also the attitude of the Treasury Department as expressed by them in their letter of reply.

Thanking you for your courtesy in this matter, I beg [etc.]

G. M. GEST

²³ For. Rel. 1916, p. 128.

File No. 893.51/184

The Secretary of State to Mr. G. M. Gest

DEPARTMENT OF STATE,
Washington, December 17, 1917.

SIR: I have to acknowledge the receipt of your letter of this date relating to a contract between Messrs. Lee, Higginson and Company and the Chinese Government for a loan and asking to be advised of the attitude taken by this Department towards the making of further advances upon the loan as expressed in my letter to the Secretary of the Treasury and also the attitude of the Treasury Department as shown in its letter to me.

In reply I have to state that on December 14, 1917, I wrote to the Secretary of the Treasury informing him of the fact that on April 7, 1916, Messrs. Lee, Higginson and Company had entered into a contract to lend the Chinese Government 5,000,000 dollars for a three year term, and that in pursuance of that contract, approximately 1,100,000 dollars had been advanced, of which the sum of \$265,000.00 including interest had been repaid. I stated further that under the terms of the contract Messrs. Lee, Higginson and Company had the option of making further advances up to 5,000,000 dollars and that they were now making inquiry as to whether or not the policy of the Government would permit them should they so desire, to execute the contract further by making additional advances to China. I added that in so far as the State Department was concerned the loan seemed to be desirable.

Today I am in receipt of a reply from the Secretary of the Treasury saying that he had no objection to make.

There being no objection on the part of the Treasury Department, Messrs. Lee, Higginson and Company are of course at liberty to make the advances if they so desire.

I am [etc.]

ROBERT LANSING

File No. 893.51/1853

Ambassador Sharp to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Paris, December 21, 1917, 10 p. m.

2930. Foreign Office replies to my note based on your 2838, November 22, 3 p. m., that the French Government shares the views of the American Government and that it hastened to request the French financial groups interested in Chinese affairs to submit a proposition of participation in the Japanese advance of 2,000,000 pounds.

SHARP

File No. 893.51/1854

Ambassador Page to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
London, December 21, 1917, 11 p. m.

8038. Your 5876 November 22, 5 p. m. Currency loan to China. Foreign Office informs me to-day matter has been referred to Treasury and have promised that the decision, as soon as it is reached, will be communicated to me.

PAGE

File No. 893.51/1856

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, December 28, 1917, 10 a. m.

The Minister of Finance has informed the Group representatives that the Chinese Government desires an immediate advance of 2,000,000 pounds on the second reorganization loan, for the purpose of supporting the note issue of the Bank of China. The representative of the Japanese Group today informed his colleagues that he has instructions to promise the Chinese Government this advance. It is believed here this advance will not accomplish the purpose and will not be beneficial; the banknotes might better be supported by setting aside monthly amounts from the postponed Boxer indemnities.

It is hoped that the United States may now decide to participate, as with its cooperation a more adequate and beneficial financial policy could be formed. Please advise as to status of American participation.

REINSCH

File No. 893.51/1856

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, December 29, 1917, 3 p. m.

Your November 20, 7 p. m., and December 28, 10 a. m. The Department on November 22 suggested to the French and British Governments the advisability of participation of French and British Groups in proposed initial advance of 2,000,000 pounds by Japan and has received a reply from Paris stating that the French Government shares the views of this Government and has requested the interested French financial groups to submit a proposition of participation. London replies that the matter has been referred to the Treasury whose decision will be communicated later. Department is awaiting definite reply from British and French Governments and also report from special Treasury representative now in London.

LANSING

RAILWAY CONCESSIONS.²⁴ PROTEST OF FRANCE AND GREAT
BRITAIN AGAINST THE SIEMS-CAREY AND COMPANY CON-
TRACT FOR THE BUILDING OF CERTAIN RAILWAY LINES.
PROPOSAL FOR THE FUTURE POLICY TO BE PURSUED ON
THE HUKUANG RAILWAYS

File No. 893.77/1574

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, December 29, 1916, 7 p. m.

Has the American International Corporation communicated to the Department the outcome of *pourparlers* with Russian interests? Pending receipt of further information I am addressing to the Foreign Office a request that no action possibly prejudicial to American interests be taken without previous consultation with me.

REINSCH

File No. 893.77/1574

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, January 3, 1917, 6 p. m.

Your telegram of December 29, 7 p. m. Department has not been informed result of *pourparlers*. Your action approved.

LANSING

File No. 893.77/1584

Minister Reinsch to the Secretary of State

No. 1328

AMERICAN LEGATION,
Peking, January 3, 1917.

SIR: Supplementing my telegram of December 29, 7 p. m., I have the honor to enclose for the information of the Department a copy of the note (No. 548) which I addressed to the Minister for Foreign Affairs, under date of the 30th ultimo, in which I requested to be informed in regard to the Russo-Asiatic Bank's "Pin-Hei" Railway Contract of March 27 last, a copy of which was transmitted to the Department with my despatch No. 1037 of April 20, 1916,²⁵ as to the attitude of the Chinese Government in this matter with respect to the rights granted to the American Group under the Preliminary Agreement of October 6, 1909, concerning the Chinchow-Aigun Railway.²⁶ It seemed advisable to put on record such an indication of continued interest in the rights vested in the American Group, for the purpose not only of reserving those rights but also of letting it be known, in view of the Russian protest against the construction of the Fengchen-Ninghsia section of the railways contemplated by the Siems-Carey contracts, as reported in my despatch No. 1282 of November 28 last,²⁷ and previous correspondence, that our Gov-

²⁴ Continued from For. Rel. 1916, p. 150.

²⁵ For. Rel. 1916, p. 169.

²⁶ For. Rel. 1910, p. 232.

²⁷ For. Rel. 1916, p. 207.

ernment has not allowed the lapse of the American interests created by the Chinchow-Aigun Agreement, and that Russian interests may be expected to regard our rights now with no less respect than they did at the time when they offered cooperation in the proposed Kalgan-Kiakhta line as an alternative to the Chinchow-Aigun project. It was furthermore felt to be advisable to address to the Foreign Office such an inquiry in regard to the Russian contract which appears to conflict with the rights of our nationals, in order that a similar inquiry in regard to the Japanese contracts for railways in South Manchuria, made under date of October 13 last (a copy of which I am forwarding in another despatch—No. 1331—of today's date), might not seem to stand alone in such a way as to imply any discrimination between apparent infringements of our rights in South Manchuria by the Japanese and in North Manchuria by the Russians. I have [etc.]

PAUL S. REINSCH

[Inclosure]

Minister Reinsch to the Minister for Foreign Affairs

No. 548

AMERICAN LEGATION,
Peking, December, 30, 1916.

EXCELLENCY: I have the honor to invite the attention of your excellency to the note which I addressed under date of October 13 last²⁸ to the Acting Minister for Foreign Affairs at that time, in which I referred to the rights granted to the American Group by a preliminary agreement, signed October 6, 1909, in respect to the construction of a railway from Chinchow to Aigun, through Tsitsihar, and requested such information as would make possible a determination whether certain reported concessions to Japanese interests for the construction of railways in South Manchuria are wholly compatible with the existing rights of American citizens.

Having been advised of the conclusion of an agreement, on March 27 last, whereby the Russo-Asiatic Bank was authorized to float a loan for the construction of a railway from Harbin to Heihofu, with a branch from Mergen to Tsitsihar, thus including one section of the line the construction of which was the subject of the American agreement referred to above, I have now the honor to inquire further what is the attitude of the Chinese Government towards the rights granted to and reserved by the American Group under the preliminary agreement of October 6, 1909: and I have further to express the hope and expectation that the Chinese Government will not take any action in this matter which might impair or compromise the American interests involved, without such previous reference to this Legation as would afford the American Group the opportunity to be consulted as to its rights therein.

I avail myself [etc.]

PAUL S. REINSCH

File No. 893.77/1583

Minister Reinsch to the Secretary of State

No. 1331

AMERICAN LEGATION,
Peking, January 3, 1917.

SIR: Referring to previous correspondence in which the Legation has reported in regard to an agreement, under date of October 5, 1913, between the Chinese and Japanese Governments, whereby the right to construct certain railways in South Manchuria was conceded to the nationals of the latter, I have the honor to enclose herewith what

²⁸Inclosure 2 in Mr. Reinsch's No. 1331, January 3, 1917, *post*, p.168.

I believe to be a reasonably accurate English version of the agreement for the construction of a railway from Ssupinghai to Chengchiatun, concluded on December 27, 1915, between the Chinese Government and the Yokohama Specie Bank.

In this connection, I take occasion to forward for the information of the Department a copy of the note (No. 511) which I addressed to the Acting Minister for Foreign Affairs under date of October 13 last, asking for such information in regard to the Japanese railway concession in South Manchuria as might enable it to satisfy itself that such grants as may have been made to any third party are not such as to impair the rights already vested in American interests by virtue of the Chinchow-Aigun Railway Agreement of October 6, 1909.

My purpose in placing this inquiry before the Foreign Office was not only to reserve existing American rights, but also to direct attention to the apparent infringement of those rights by Japanese interests which at the same time are bringing into question, on the basis of an expectant reversion of German special interests in Shantung, the validity of the American contract of April 19²⁹ last for the improvement of the Grand Canal in that province.

As will have appeared to the Department from my telegrams of December 29, 10 a. m., and January 2, 8 p. m.,³⁰ I consider that the introduction of a Japanese interest into the Canal projects in either Shantung or Kiangsu would be in the highest degree repugnant to the Chinese, and would directly inject into those projects a political character from which they have hitherto been entirely free—the very terms used by the American International Corporation, in its telegrams to its representatives here, holding out the threat that, in spite of its being unwelcome to the Chinese, Japanese interests are prepared to force their way into the projects alone if not in cooperation with the American interests now concerned. If the Japanese financial interests are sincere in the desire to cooperate with Americans in commercial and industrial undertakings in China, on a basis wholly of business and without any implication of special political interests, it would seem that a more fitting field of cooperation would be that of railway construction in South Manchuria, in respect to which our nationals possess actual rights. An opportunity would thus be given to the Japanese to reconcile with ours the rights which they appear to have obtained secretly in disregard of our prior claims, instead of ousting us from those rights in Manchuria and simultaneously claiming the privilege of cooperating with us in our Canal projects as a matter of comity.

In order to convey such an intimation to my Japanese colleague, I am today addressing to him a personal note, of which a copy is enclosed herewith, asking for such information as he may feel disposed to give me as to Japanese railway concessions in South Manchuria, with a view to the possibility of cooperation by American interests—either those already possessing rights by virtue of the Chinchow-Aigun Agreement, or others. The reference, in this note, to comments by a member of the Japanese Legation on the subject of cooperation between Japanese and American interests, is to a recent conversation in which Mr. Debuchi, Secretary of the Japanese Legation, urged upon Mr. White, of this Legation, the desirability of such cooperation,

²⁹ For. Rel. 1916, p. 115.

³⁰ Printed under Hual River and Grand Canal Conservancy, p. 207.

laying especial emphasis on the fact that joint action with nationals of Japan would give American bondholders the security of having at all times available for the protection of their interests in China the military power of Japan.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1—Translation]

AGREEMENT FOR THE BUILDING OF THE SSUPINGKAI-CHENGCHIATUN RAILWAY,
DECEMBER 27, 1915

December 27, 1915 (4th year of the Republic, according to the Chinese chronology, and 4th year of Taisho, according to the Japanese chronology), the Chinese Government (hereinafter called the Government), represented by the Minister of Finance and the Minister of Communications, of the one part, and the Yokohama Specie Bank (hereinafter called the Bank), of the other part, have concluded between themselves the present agreement on the basis of the agreement in principle which was arranged between the Chinese and Japanese Governments on October 5, 1913 (2d year of the Republic, according to the Chinese chronology, and 2d year of Taisho, Japanese chronology).

Article 1—The Government authorizes the Bank to issue a 5% Gold Loan in the sum of 5,000,000 Yen. The Loan will bear the date of the day of issue, and will be known as the Chinese Government 5% Loan for the building of the Ssupingkai-Chengchiatun Railway.

Article 2—The present loan is for the building of a railway from Ssupingkai to Chengchiatun. The route between the said points will be determined by the Ministry of Communications after the completion of investigations which will be made by the representatives of the Government and the Bank.

Article 3—The capital obtained from the loan above mentioned is set apart exclusively for the building of the road, including the payment for the expropriation of land, acquiring rolling-stock, and other necessary equipment (or materials), and also expenses for the operation of the road and for the payment of interest on the present loan during the period of construction of the said road.

The work must be started not later than six months after the signing of this agreement, and must be finished if possible within two years of the day of starting the same. Before the end of six months the Bank will place at the disposition of the director general of the road a sum not to exceed 200,000 Yen as an advance upon the loan, which money will be deposited in Japan or remitted to China in accordance with the instructions of the director general. The sum so advanced, together with the interest which will be charged on the account at a rate not over 7% per annum, will be withheld by the Bank from the proceeds of the first bonds issued. The advance will be paid in Shanghai Taels.

Article 4—The interest on the present loan will be calculated at the rate of 5% per annum on the nominal value of the bonds from the day of issue of the loan, and the payment of interest to the bondholders will be made semiannually. During the period of the building of the road, the Government will pay the interest either from the principal of the loan or from other sources, at its discretion, and when the building is finished the interest will be paid first from the revenue of the road and thereafter from other State revenues at the discretion of the Government. Interest, which as above stated will be computed from the day the loan is issued, will be payable 14 days in advance of the expiration of each half-yearly term in accordance with the amortization table annexed to the agreement.

Article 5—The term of the loan shall be forty years. The amortization of the principal shall begin from the 11th year from the day of issuing the loan, and shall be carried out by means of half-yearly instalments, 14 days in advance, in accordance with the amortization table (except in the case anticipated in the 6th Article of the agreement), and will be paid from earnings of the road or from other Government revenues at the discretion of the Government.

Article 6—The Government reserves to itself the right, upon notice to the Bank in writing six months in advance, beginning with the 11th year after the issue of the loan, to pay off, if it desires, before maturity, all or part of the principal which has not been amortized, upon condition that the holders of the bonds are to be paid a premium at the rate of 2½% above the par value of the bonds,

of the 20th year after the day of issue of the loan, the Government may increase the amounts of the amortization payments, without paying a premium over and above the par value. Such payments before maturity will be carried out by means of a supplementary drawing of bonds upon the days fixed in the prospectus of the loan for the usual drawings.

Article 7—The Government binds itself to make the payments of the interest and principal of this loan, in accordance with Articles 4 and 5 of this agreement, to the Bank through the director general, according to the attached amortization table, but 14 days in advance. For payments to be made before maturity in accordance with Article 6, the Government likewise engages to make the required payments 14 days in advance. All of the above-mentioned payments are to be made by the Government to the Bank at Shanghai, in Shanghai Taels (or in new Government money, if such has been introduced into circulation) at the current rate of Japanese exchange. The rate of exchange will be arranged by agreement with the Bank either on the day of payment or, as the Government may prefer, on any day not more than six months previous to the day of payment. The Government shall have the right to make such payments in gold if they have such funds in Japan (upon condition, however, that those gold funds shall not have been acquired especially for the purpose of making this payment), and such payment in gold must also be made 14 days in advance. For its services in making the payments upon the present loan the Bank will receive a commission at the rate of $\frac{1}{2}\%$ on all payments effected through it.

Article 8—The Government guarantees the regular payment both of the interest and of the principal. In case the amount of the loan or the revenue from the road shall not be sufficient for the above-mentioned payments, the Government will adopt the necessary measures to ensure these payments from other sources, which payments must also be effected 14 days in advance of the stated term.

Article 9—The present loan is secured upon all movable and immovable property belonging to the railway, or which may belong to it in the future, and also upon the revenues of the road. These properties and revenues are given over to the Bank as security. In case a supplementary loan is concluded according to Clause 1 of Article 15 of this agreement, the said property and revenues of the road will also serve as security for such supplementary loan. Movable and immovable property of the railway cannot be used as security for any other loan whatsoever.

Article 10—The Bank has the right to issue bonds for the full amount of the loan, and the nominal value of the bonds will be determined by the Bank. The form of the bonds will be determined by the Bank in agreement with the Minister of Communications or with the Chinese Minister at Tokyo. The bonds shall be printed in the Chinese and Japanese languages and shall be signed and sealed by the Minister of Communications. Previous to the issue of the bonds they shall also be signed by the Chinese Minister at Tokyo as proof that the issue has been effected with the permission of the Government and under its responsibility. The bonds will also be signed by the representative of the Bank. If bonds are lost, damaged, or stolen, the Bank will immediately notify the Minister of Communications or the Chinese Minister in Japan, who shall authorize it to advertise in the press that payments upon the same will not be made, and also to take the necessary measures in conformity with the laws of the said country. If the lost bonds are not discovered before the date fixed by the Bank, the Minister of Communications or the Chinese Minister at Tokyo will deliver to the Bank duplicate bonds with the proper signatures and seals, and all expenses for printing these bonds will be borne by the Bank.

Article 11—During the whole currency of the loan, the bonds and coupons and also all operations connected with the payment of the principal and interest, will be exempted from Chinese taxation.

Article 12—All details in regard to the publication of the prospectus of the loan and the payment of the principal and interest, not set forth in this agreement, shall be determined by the Bank upon agreement with the Chinese Minister at Tokyo. The Bank is authorized to issue the prospectus within the shortest possible time after the signing of this agreement (observing the reservation in Article 13 of this agreement). The Chinese Minister at Tokyo shall be instructed to sign the prospectus of the loan and also to cooperate with the Bank in all questions touching on the issue of the loan.

Article 13—The Bank shall have the right to issue the entire loan either at one time or in several series, depending upon the cost of the work, and its satisfactory execution, and also upon the condition of the money market. The

Government shall receive for the bonds the issue price less a deduction of $5\frac{1}{2}\%$ of their nominal value, which will be retained by the bank as indemnification for the expense of issuing the loan.

Article 14—The proceeds of the loan shall be deposited to the credit of the railway in the Yokohama Branch of the Bank, at the times indicated in the prospectus of the loan for the subscribers to the same.

The Yokohama Branch of the Bank will pay upon the credit balance of these funds interest at the rate of 3% per annum, and on sums transferred to China the local branches will pay the interest that is customary on such accounts. The Bank will retain, at the disposal of the director general, all sums realized from the sale of the bonds, with the interest thereon, deducting, however, the sums necessary for the payment of interest upon this loan and commissions upon such payments during the period of construction of the road. In the case of payments exceeding 200,000 Yen, the director general must advise the Bank 10 days before effecting the payment. The entire loan is to be expended for the building of the railway in proportion to the progress of the work and as need may arise, for which written requisitions must be presented to the Bank, signed by the director general and the chief accountant, with a statement attached, showing in detail the object of the disbursement, and specifying the cost. Every month the appropriations for the building of the railway will be remitted to Shanghai according to the instructions of the director general, and will be placed to the credit of the account of the road in the said branch of the Bank. The director general, in agreement with the Bank, will appoint a Japanese subject as chief accountant. The chief accountant will prepare a list of the necessary Chinese and Japanese clerks for conducting the bookkeeping department, and present the same to the director general; upon his approval of the list, and upon the appointment by him of these persons, they shall be placed at the disposition of the chief accountant, for the performance of their duties under his direction. The chief accountant, under the supervision of the director general and the managing director of the road, shall have charge of all revenues and expenditures of the road during the whole term of this loan, and shall sign conjointly with the managing director of the road all documents relating to the expenditure of such sums. The accounts of the road will be kept in the Chinese and Japanese languages, according to the methods adopted for the other Chinese railways.

The management of the road will periodically publish, in the Chinese and Japanese languages, a statement showing the revenue and expenditure of the railway, for the information of the public.

Article 15—In case the principal obtained from the floating of the present loan, together with accrued interest, is not sufficient, after deduction of the percentage necessary for the payment of the coupons, during the period of construction, for the completion of the road and for meeting the expenses connected with it, the Government must furnish, from Chinese sources, the necessary funds for the uninterrupted continuation of the work, but in case a sufficient amount is not available, the Bank may issue a supplementary loan on the same terms as the loan provided for in this agreement. If upon the completion of the building of the road a surplus remains, such surplus money will be carried as reserve capital, in conformity with Article 18, as security for the regular payment of the principal of the present loan.

Article 16—The building of the road and the management of the road will be entirely in the hands of the Government.

The Government will appoint the director general of the road, whose place of residence must be near the place where the road is being built, and who will be furnished with full power to act in the name of the Government within the limits of this agreement. The director general, upon agreement with the Bank, will appoint as chief engineer, under contract, a Japanese subject. It will be the duty of the chief engineer, under the supervision of the director general and the managing director of the road, to make surveys, prepare plans, drawings, estimates, etc., to direct the technical part of the work, to purchase needed materials, rolling-stock, etc. The chief engineer will submit for the consideration of the director general a list of the necessary Chinese and Japanese technical staff for the construction work, exactly designating their number and their functions. The director general, upon approving this list, will appoint these technicians and place them at the disposition of the chief engineer for the performance of their duties under his direction. Appointments to the minor positions, and also dismissals, will be made by the chief engineer with the consent of the director general and the managing director of the road. As the construction of the separate sections of the road is completed, they will be turned over, by the chief engineer, to the

director general, who will open them for operation if this is considered advisable. The traffic manager shall be a Japanese subject, and he shall discharge his duties in compliance with the instructions of the director general and the managing director of the road. The duties of the chief engineer will cease upon the completion of the building of the road. The director general shall then appoint a Japanese engineer whose duty it will be to supervise the engineering department under the orders of the director general and the managing director of the road. The Japanese engineer and traffic manager will be appointed, under contract, by the director general, upon agreement with the Bank.

Article 17—For the purpose of guarding the railway line, there shall be maintained a Chinese guard detachment under the command of Chinese officers. All expenses connected with the maintenance of the detachment shall be paid from the amount destined for the building and maintenance of the road. The numerical strength of the detachment shall be determined by the director general upon agreement with the Bank. If the detachment proves to be insufficient, the management of the road shall request the Government to send as guards a detachment of troops of either the central or provisional Government, and the expense for their maintenance shall be borne by the corresponding authorities.

Article 18—The income of the railway shall be deposited in the Bank on either short or long term deposits, and the Bank shall pay interest at rates arranged by mutual agreement between it and the Government. The expenses of operation and upkeep of the road will be paid from the revenue of the road; the net balance of the revenue will first be applied towards the payment of the principal and interest on the loan, in accordance with the annexed amortization table, and the surplus remaining after the above-mentioned payments shall be held at free disposal of the director general.

After the completion of the building of the line and its opening to traffic, the amounts designated for the payment of principal and interest on the loan shall be handed over to the Bank six months in advance of the dates specified in the amortization table. In case the revenue of the road is insufficient to cover the expenses for the payment of interest on the loan and the liquidation of the principal, these payments shall be secured by the means indicated in Article 8 of the present agreement.

Article 19—During the period of the building of the road, a person designated by the Bank shall act as the agent of the road for the purchase abroad of all necessary building materials, rolling-stock and other articles. The more important of these purchases will be made by the director general by means of tenders. It will be the duty of the agent, who will act as middleman, to furnish the required materials on the terms most advantageous to the road, and as compensation for this service he shall retain for himself 5% of the net cost of materials procured in this way from abroad. All supply contracts shall be made through the chief engineer with the approval of the director general. It shall be the duty of the agent, who will be responsible for the strictest inspection of the materials obtained, to select materials of the best quality; the management of the road has the right to refuse to accept materials if they are not in accordance with the specification previously adopted. Building materials, rolling-stock, and other articles of Japanese origin will be given preference before merchandise of other origin if the Japanese merchandise is of the same quality and the same price; after Japanese materials, preference shall be given to foreign merchandise recommended by the agent. Original bills for purchases of materials, and customs certificates, must be presented to the director general; in case discounts are allowed from the established prices, these amounts must be credited to the account of the railway; the agent is required to present all vouchers, certificates of manufacturers, etc., required by the management of the road.

Aside from the above-mentioned commission, the Bank shall not retain for its own profit any other sums. In case the management invites, for consultation, additional experts and engineers, all expenses in this connection will be charged to the account of the road.

To encourage Chinese industry, materials and merchandise of native origin, if the qualities and prices are the same as similar goods of foreign origin, shall be given the preference; for the purchase of such merchandise, of Chinese origin, the Bank shall not receive a commission. Upon the completion of the building of the road, the person designated by the Bank shall continue as agent of the road, for supplying necessary materials, during the whole period while this agreement is in effect, under conditions which shall be arranged later.

Article 20—If, in the future, the Government deems it advantageous or desirable to extend the railway line or to build a branch, this work can be done with

money obtained from Chinese sources; if, however, foreign capital is wanted for that object, the Government is obliged to give the preference to the Bank. The length of these additional lines shall be determined by the Government.

Article 21—The Bank, being the agent of the bondholders, shall deal with the management of the road in all matters concerning the railway, as the representative of the bondholders.

Article 22—Should any events of a political or economic character occur in the country during the period between the signing of the present agreement and the issuing of the prospectus of the loan, which would have an injurious effect on the money market and cause a decline in Chinese securities, and in consequence cause the Bank difficulty in issuing the bonds for the present loan, the Government by mutual agreement with the Bank shall grant to the latter an extension of the time for carrying out the conditions of the agreement. If at the expiration of the designated time the loan has not been issued, the present agreement shall be considered as canceled. The Government in that case will repay to the Bank the advance made according to Article 3 of this agreement, with accrued interest, and the Bank shall be entitled to no other compensation.

Article 23—The Bank is authorized, with the consent of the director general, to transfer the rights which it has obtained by this agreement, either wholly or in part to another Japanese subject, or to entrust them to another person as its attorney: this person shall assume by that act the obligations of the Bank.

Article 24—In order to secure a wide distribution of the bonds, the Bank will be given the right to express the price of the bonds in English, French and American currencies; the bonds will be printed in the Chinese, Japanese, English and French languages; the places of payment of the principal and interest on the loan, to the holders of the bonds, will be London, Paris and New York, and the Bank may issue the bonds either wholly or in part in the three cities named.

Article 25—The present agreement, with its annexes, was ratified by the President of the Republic of China on the ——— of December of the year 1915 (4th year of the Chinese Republic, and the ——— December, 4th year of the Reign of Taisho, in Japanese chronology), regarding which an official communication was made by the Minister for Foreign Affairs to the Japanese Minister at Peking.

Article 26—The present agreement is drawn up in four copies in the Chinese language and four copies in the Japanese language, of which three copies in each language will be delivered to the Government and one copy of each will be kept by the Bank. Should it happen that there be a divergence between the texts of the Chinese and Japanese copies, the Japanese text will be given the preference.

December 27, 4th year of the Republic.

ANNEX I

December 27, 1915 (4th year of the Republic, according to the Chinese chronology), and December 27, 1915 (4th year of the Reign of Taisho, according to the Japanese chronology), the Chinese Government (hereinafter called the Government) and the Yokohama Specie Bank (hereinafter called the Bank) concluded between themselves an agreement for a loan for the purpose of building a railway line from Ssuningkai to Chengchiatun. With the object of accomplishing the earliest possible completion of operations, the parties have concluded also the following supplementary agreement. With regard to points not mentioned in the present annex, the text of the original agreement continues to be in force.

Article 1—Having regard to the fact that, in consequence of the European War, which has affected the money market most seriously, it is acknowledged that it is not feasible to issue the bonds at present, the Government, having it in view to start immediately building the Ssuningkai-Chengchiatun Railway, is borrowing from the Bank 3,400,000 Shanghai Taels.

Article 2—The Bank reserves to itself the right to return to itself the amount advanced, with accrued interest, in accordance with the first part of Article 13 of the agreement, from the amount received from the sale of bonds. The Government and the Bank must decide by mutual agreement the question of the feasibility and advantageousness of issuing the bonds.

Article 3—The present advance is destined exclusively for the expenses of building the Ssuningkai-Chengchiatun Railway, which include payment for the expropriation of land, purchase of rolling-stock, acquiring every kind of material and other articles required, and also the payment of interest while building, and for operating the road.

Article 4—The payment of the interest on this advance will be effected 14 days in advance of the due date, from the amount of the advance, during the

period of construction of the road, and, upon completion of the construction, first of all from the revenues of the road and then, in case they should be insufficient, from other Government revenues.

Article 5—The Government guarantees punctuality in the payment of the principal and interest of the present advance: if this advance and also the revenues of the roads shall not be sufficient for the payment of interest and for the liquidation of the principal, the Government will make the necessary payments from other sources.

Article 6—Previous to the issue of the bonds of the Ssupingkai-Chengchiatun Railway, the revenues of the railway, and also all property of the road, movable and immovable, already in existence or which may belong to it in the future, shall be considered as given to the Bank as security for this advance.

Article 7—The amount of the present loan shall be paid into the Shanghai Branch of the Bank for account of the Ssupingkai-Chengchiatun Railway, and the Bank will pay the usual interest on this account. If the director general wishes to debit this account, at any one time, in a sum exceeding 200,000 Taels, he must inform the Bank 10 days in advance.

Article 8—The present advance will be expended in proportion to the requirements for the surveys and for the work of building the road, and the money will be paid by the Bank upon the presentation to it of a written order, signed by the director general and the chief accountant, supplemented by documents exactly designating the kind and cost of the work which is being undertaken.

December ———, 4th year of the Republic.

Minister of Finance

Minister of Communications

December ———, 4th year of the reign of Taisho.

Representative of the Yokohama Specie Bank

ANNEX II—LOAN LETTER

1—The Chinese Government, in the person of the Minister of Communications, has borrowed from the Yokohama Specie Bank the sum of 3,400,000 Shanghai Taels. This money will be paid by the Bank either all at one time or by instalments, on separate receipts.

2—Interest, which will be computed at the rate of 7% per annum, will be paid by the Government semi-annually, counting from the day the loan is concluded.

3—The other terms of the loan are stated in the annex to the agreement concluded between the Chinese Government and the Yokohama Specie Bank, for the building of the Ssupingkai-Chengchiatun Railway, on December 27, 4th year of the Chinese Republic, corresponding to December 27, 4th year of the Reign of Taisho.

——— day, ——— month, ——— year of the Chinese Republic:

——— day, ——— month, ——— year of the Reign of Taisho.

Due dates for the payment of interest and the amortization of the principal of the 5% Loan in the sum of yen 5,000,000, concluded for the purpose of building the Ssupingkai-Chengchiatun Railway.

[Amortization Schedule not printed.]

[Inclosure 2]

Minister Reinsch to the Acting Minister for Foreign Affairs

No. 511

AMERICAN LEGATION,
Peking, October 13, 1916.

EXCELLENCY: I have the honor to recall to your excellency that on October 6, 1909, there was signed a preliminary agreement between the Viceroy of Manchuria and the Governor of Fengtien, on behalf of the Manchurian Administration, and the American Group, for the construction of a railroad from Chinchow to Aigun, through Tsitsihar; that this agreement was ratified on January 20, 1910, by an edict of the Imperial Government of China: and that subsequently, in April, 1910, under the authority of the Chinese Government, the Viceroy of Manchuria and the Governor of Fengtien concluded with the American Group the final agreement for the financing of the project contemplated by the preliminary agreement. Although, for reasons which it is not necessary to recapitulate

at this time, the ratification of this final agreement has been postponed, yet the rights accruing to the American Group under these arrangements have never been relinquished, but, as has from time to time been made known to the Chinese Government in behalf of the American interests concerned, have been expressly reserved and continued.

In view of the rights thus accruing and reserved in favor of American interests, this Legation has noted with some solicitude the rumors current for some time to the effect that the Chinese Government has granted to certain Japanese interests the privilege of constructing certain railway lines in Manchuria which, if not actually in conflict with the prior grant to American interests, would at any rate prove such as to impair the value of the rights conferred upon the American Group in connection with the Chinchow-Aigun Railway. While feeling confident that the Chinese Government cannot have intended to act in this matter in derogation from its obligation to the American interests concerned, the legation, nevertheless, feels it its duty to satisfy itself that such grants as may have been made to any third party are not such as to impair the rights of the American interests hitherto established. I have therefore to request that your excellency may be so good as to advise me as to the truth of the reports of railway concessions to Japanese interests in South Manchuria; and, in a proper case, to furnish me such data in regard thereto as may make possible the decision whether these concessions are wholly compatible with the existing rights of American citizens.

I avail [etc.]

PAUL S. REINSCH

[Inclosure 3]

Minister Reinsch to the Japanese Minister

AMERICAN LEGATION,
Peking, January 3, 1917.

MY DEAR COLLEAGUE: I have the honor to seek an informal and personal expression of your views in a matter which is of much interest to me. There has, as you know, been much discussion in both Japan and the United States as to the possibility of cooperation between the financial interests of our several countries in undertakings of a purely industrial and commercial character in China; we have sometimes touched upon this in talking together, and I have learned with great interest from Mr. White of a conversation with him in which the Secretary of your Legation stated his hearty personal advocacy of such cooperation.

If I am rightly informed, the contract concluded by the Yokohama Specie Bank, about a year ago, for the construction of the Ssuningkai-Chengchiatun Railway, contained a provision for the flotation of bonds of the contemplated loan in New York, as well as in London and Paris. And I have conceived that in that fact there may be a concrete indication of a desire, on the part of Japanese financial interests, to seek the cooperation of American finance, either of the Group which already possesses certain rights in regard to the construction of a line from Chinchow, via Tsitsihar, to Aigun, under the Preliminary Contract of October 6, 1909, or of some other American bank or syndicate which might be found ready to participate in industrial undertakings in Manchuria.

My inquiry is of necessity rather vague, and of course wholly informal, as I am only very imperfectly informed as to the scope and character of the concessions for the construction of railways in South Manchuria, which are generally understood to have been granted to Japan during the past three years or so; and I have, moreover, no information as to any definite and concrete proposals having been made by either side with a view to realizing cooperation between American and Japanese financial interests along the lines indicated. I should, however, be glad of an opportunity to discuss this matter with you and to learn your views as to the eventual possibilities of such action; and I should be most grateful for any information you might feel disposed to give me, as to the agreements regarding the construction of railways in Manchuria by nationals of Japan, to facilitate a consideration of those possibilities.

With the assurance [etc.]

PAUL S. REINSCH

File No. 893.811/240

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, January 12, 1917, 6 p. m.

Your telegram of January 8, 5 p. m.³¹ I have informally suggested to Japanese Minister possibility of cooperation between American and Japanese interests in the construction of railways in Manchuria recalling to him the existence of American rights in that regard.

REINSCH

File No. 893.811/242

AMERICAN LEGATION,
Peking, January 22, 1917, 7 p. m.

In reply to informal suggestion reported to the Department in my telegram of January 12, 6 p. m., I have now received from Japanese Minister what he designates a confidential reply of personal character stating that he favors the general principle of cooperation between Japanese and American capitalists but adding that

As regards the practical side of the question in applying the said principle of cooperation to railway enterprises in South Manchuria and Eastern Inner Mongolia it is more desirable that I shall be allowed to reply at a later date upon further consideration on account of the special position enjoyed by us in the said regions.

In this connection he stated that "The Japanese Government secured from China in May 1915, a general preferential right concerning railway investments," in the regions specified.

He further asks information as to recent American railway contract with particular reference to the possibility of Japanese cooperation therein.

REINSCH

File No. 893.811/242

The Secretary of State to Ambassador Guthrie

[Telegrams]

DEPARTMENT OF STATE,
Washington, January 23, 1917, 7 p. m.

On January 22 Japanese Minister at Peking, replying confidentially to informal suggestion of Minister Reinsch that Japanese and American interests cooperate in railway construction work in Manchuria, stated that he favored the general principle of cooperation, but that on account of Japan's special position in Manchuria with regard to railway investments as provided in Japanese-Chinese Treaty of May, 1915, he would defer until later further consideration of proposal. He inquired however as to possibility of cooperating in recent American contract for railways in China.

LANSING

³¹ Printed under Huai River and Grand Canal conservancy project, p. 207.

File No. 893.811/242

DEPARTMENT OF STATE,
Washington, January 27, 1917, 5 p. m.

In reply to inquiry by Japanese Ambassador concerning cooperation between Americans and Japanese in China I stated that American Government had no political ambitions in Far East and therefore no objection to such cooperation provided parties interested so desired but that we could not approve coercion in China.

Ambassador asked if Minister Reinsch's suggestion of cooperation in Manchurian railways was in obedience to Departmental instruction and was told it was not; that Department would be glad to see such cooperation. It recognized that Japan had special interests in Manchuria but held situation in Shantung was different. He referred to German claim of special rights there. I said that we had not recognized them. He asked concerning American participation in loan by consortium. I replied I could not approve a contract that involved interference with sovereignty of China. His attitude was friendly.³²

LANSENG

File No. 893.77/1583

Minister Reinsch to the Secretary of State

No. 1368

AMERICAN LEGATION,
Peking, January 30, 1917.

SIR: I have the honor to enclose a copy of the answer, under date of the 20th instant, of the Japanese Minister to my note of January 3, a copy of which was transmitted to the Department with my No. 1331 of the 3d instant, as well as a copy of my reply of January 29. It seemed to me of the greatest importance at this time to make the Japanese Minister understand two points:

First, that while we have no intention of pursuing an obstructionist policy towards Japan, the so-called "special position" of Japan in Manchuria has not yet been recognized beyond the specific grants and concessions, the sum total of which makes up what may be called the legal position of Japan in that region; and

Second, that if cooperation is to be talked of between the United States and Japan, it may perhaps be more suitable for the Japanese to offer cooperation in enterprises which they control than to ask for a part in the one or two American enterprises; at any rate, when the latter form of participation is asked, it is important to know what is thought of the former.

It follows from the above that any rights or privileges which Japan may claim in Manchuria cannot be deduced from an abstract conception of a "special position" there, but must be shown as flowing from particular grants or concessions; and that the latter cannot be admitted to have superseded prior rights or concessions held by others which have not been voluntarily given up.

I believe that if this position is adhered to, it may be possible to obtain from Japan, if it is desired, a large measure of participation in Manchurian development and the engagement to refrain from seeking special rights and privileges in China proper in return for

³² Same telegram to the American Minister at Peking.

a more specific recognition on our part of the "special position" which Japan is trying to establish for herself in Manchuria. To recognize the existence of such a "special position" without getting some such assurances as are mentioned above, would be to make to Japan a gratuitous concession—a gift—instead of giving the transaction a form under which the recognition and tolerance of the position aimed at by Japan would be made to yield desirable results, both for the protection of American trade and of Chinese independence.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1]

The Japanese Minister to Minister Reinsch

JAPANESE LEGATION,
Peking, January 20, 1917.

MY DEAR COLLEAGUE: I have read with great interest your letter of the 3d instant on the subject of the possibility of cooperation between the financial interests of our two countries in railway undertakings in China and now have the honour to address to you the following by way of a reply of personal character.

It is true that there is in the Ssuningkai-Chengchiatun Railway Loan Agreement concluded by the Yokohama Specie Bank in December 1915, a provision authorizing the said bank to float the whole or a part of the loan in London, Paris or New York. With regard to this loan I have ascertained that the total sum was only five million yen and the bonds covering it were already issued in home market in May last.

The above mentioned loan agreement has its origin in an engagement made by the Chinese Government in October 1913, in favour of the Imperial Government, which provides that the Chinese Government will construct the railway lines: (1) Ssuningkai-Chengchiatun-Taonanfu, (2) Taonanfu-Changchun, (3) Kaiyuan-Hailung with the fund to be supplied by Japanese capitalists, and that, when the Chinese Government will in future construct the railway lines: (1) Taonanfu-Jehol, (2) Hailung-Kirin with foreign capital, it should first negotiate with Japanese capitalists for funds required.

Besides the last mentioned engagement, the Japanese Government secured from China in May 1915, a general preferential right concerning railway investments in South Manchuria and Eastern Inner Mongolia.

Further I may add that, for all the lines other than that between Ssuningkai and Chengchiatun which has a very short length of some fifty miles only, no loan agreement has ever been concluded or is being negotiated by Japanese capitalists.

I believe the above informations are exactly what you want to know and hope that they will serve your purpose.

With regard to the general principle of cooperation between Japanese and American capitalists with the object of developing natural resources in China, I may assure you most positively that I share the sentiment so spontaneously expressed in your letter. But as regards the practical side of the question in applying the said principle of cooperation to railway enterprises in South Manchuria and Eastern Inner Mongolia, it is more desirable that I shall be allowed to reply at a later date upon further consideration on account of the special position enjoyed by us in the said regions.

In the meantime, I should be very much obliged if you would be good enough to furnish me with sufficient information regarding the scope and character of the railway agreement recently concluded by the American International Corporation with the Chinese Government together with an explanation as to whether there is any possibility of cooperation for Japanese capitalists in the undertaking provided therein.

With the assurance [etc.]

E. HAYASHI

[Inclosure 2]

*Minister Reinsch to the Japanese Minister*AMERICAN LEGATION,
Peking, January 29, 1917.

MY DEAR COLLEAGUE: I beg to acknowledge and to thank you for the very interesting letter of the 20th instant, in which you so frankly set forth your personal views in reply to my informal inquiries as to the possibilities of cooperation between American and Japanese capital in the development of railways in Manchuria.

I have noted with interest the fact "that, for all the lines other than between Ssuningkai and Chengchiatun which has a very short length of some fifty miles only, no loan agreement has ever been concluded or is being negotiated by Japanese capitalists".

I also note that with respect to the remaining alignments dealt with in the agreement of October 1913, as well as to other possible railway enterprises in Southern Manchuria, you think it more desirable "to reply at a later date upon further consideration on account of the special position enjoyed by us in the said regions." I confess that your statement would come to me with a sense of surprise were it your intention to imply a doubt as to whether the specific concessions and rights held by your country, of which its legal position in that region is made up, would permit of the participation of American capital in particular enterprises there; and I look forward with much interest to the opportunity to learn your considered views as to the point so raised. I of course take it for granted, and believe that you will agree with me, that any subsequent undertakings entered into by your Government would not be maintained to have impaired any previously existing rights of other nationalities, such as those conferred by the Preliminary Agreement of October 2, 1909, in regard to the Chinchow-Aigun Railway.

In response to your request for sufficient information regarding the railway agreement recently concluded in behalf of American interests, I shall take pleasure in requesting Messrs. Siems-Carey & Company to forward to you a copy of their contract of May 17 last, for such use as you may care to make of it. I imagine that you have in your files a copy of the Preliminary Agreement of October 2, 1909, but if not, I should be happy to furnish you one. As I find that our Legation has no copies of the Agreement of October 1913, to which you make reference in your letter, might I with propriety ask if you would be good enough to let me have a copy?

I shall be greatly pleased, at any time, to continue informal discussion of these matters upon which we are having an exchange of opinions.

With the assurance [etc.]

PAUL S. REINSCH

File No. 893.77/1587

Minister Reinsch to the Secretary of State

No. 1370

AMERICAN LEGATION,
Peking, January 31, 1917.

SIR: I have the honor to report that the Minister of Communications has assigned an additional alignment of railway to the Siems-Carey Company, under its contract of May 17, 1916. This alignment is to connect the towns of Chowkiakow, Yencheng, Yuchow and Nanyangfu, in Honan, with Siangyangfu, in Hupeh. Chowkiakow and Siangyangfu are, respectively, the most important commercial centers in eastern Honan and northern Hupeh. Siangyangfu is the most important trade center in the Han River valley.

As, under the terms of its principal contract, the Siems-Carey Company is entitled to branch lines and extensions, the railway from Siangyangfu up the Han River valley is potentially embraced in this alignment: an oral agreement has already been arrived at with the Ministry to the effect that should the British-Chinese Corporation, which

holds the Pukow-Sinyang concession, not object to the building of a connecting line between Sinyang and Siangyangfu, the Ministry will immediately authorize the construction of the railway from Siangyangfu up the Han River valley.

The representative of the British-Chinese Corporation has stated that he believed this construction would be welcomed by his Corporation, provided American capitalists would assist in making possible the immediate construction of the Pukow-Sinyang Railway. This is highly desirable from every point of view. The railway is necessary and will be profitable. The undertaking of such a joint enterprise with American and British capital is greatly to be desired.

An engineering expedition is leaving this week for a survey of the Chowkiakow-Siangyangfu Railway. Mr. Carey is in favor of immediate construction.

I have [etc.]

PAUL S. REINSCH

File No. 893.77/1579

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Peking, February 1, 1917, 1 p. m.

The Minister of Communication has assigned Siems-Carey Company under its contract an additional line from Chowkiakow, the chief commercial center of eastern Honan, to Siangyang, ditto, of northern Hupeh; surveying party is being sent.

REINSCH

File No. 893.77/1592

Minister Reinsch to the Secretary of State

No. 1382

AMERICAN LEGATION,

Peking, February 12, 1917.

SIR: Supplementing my telegram of February 1, 1917, 1 p. m., I have the honor to enclose herewith for the information of the Department a translation of a note (No. 560) from the Ministry of Foreign Affairs, under date of the 7th instant, advising me of the designation of a line from Chouchiakou (in Honan) through Nanyang to Hsiangyang (in Hupeh) for construction under the terms of the Siems-Carey Company's contracts of May 17 and September 29 last with the Chinese Government.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Translation]

The Vice Minister for Foreign Affairs to Minister Reinsch

F. O. No. 560

FEBRUARY 7, 1917.

SIR: A communication has been received from the Ministry of Communications as follows:

"The railway loan contract entered into between this Ministry and the American firm Siems-Carey & Company has been communicated to you.

"It is noted that the length of this road was fixed at 1,100 miles and that the Chu-Chin line was established first and an Office organized to take up the work. But from Chuchou to Chinchou is only seven hundred odd miles, so that four hundred miles of road have still to be built before the terms of the contract are complied with.

"This Ministry has carefully gone over the situation and now proposes to establish a road from Chouchiakou, in Honan, through Nanyang, to Hsiangyang, in Hupeh, comprising approximately two hundred miles, to be called the Chou-Hsiang Railway, to be included in the said loan, and to be taken under the charge of the director of the Chu-Chin office, that progress may be made and the terms of the agreement conformed to.

"It is requested that this information may be transmitted."

I have the honor to request you to take note.
With compliments.

LIU SHIH-HSÜN

File No. 893.77/1584

The Secretary of State to Minister Reinsch

No. 567

DEPARTMENT OF STATE,
Washington, February 13, 1917.

SIR: The Department acknowledges the receipt of your despatch No. 1328 of January 3, 1917, enclosing copy of a note No. 548 which you addressed to the Minister of Foreign Affairs, under date of December 30, 1916, relative to the Russo-Asiatic Bank's "Pin-Hei" Railway Contract of March 27, 1916.

The Department approves your note to the Minister of Foreign Affairs on the above-mentioned subject.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 893.77/1583

The Secretary of State to Minister Reinsch

No. 568

DEPARTMENT OF STATE,
Washington, February 13, 1917.

Sir: The Department acknowledges the receipt of your despatch No. 1331 of January 3, 1917, enclosing a translation of the agreement between the Chinese Government and the Yokohama Specie Bank, concluded December 27, 1915, for the construction of a railway from Ssuning kai to Chengchiatun.

The note (No. 511) which you addressed to the Acting Minister for Foreign Affairs under date of October 13, 1916, on the above-mentioned subject, a copy of which note was enclosed with the despatch under acknowledgment, is approved, together with the note addressed by you on January 3, 1917, to the Japanese Minister, relative to this matter.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 893.77/1597

Minister Reinsch to the Secretary of State

No. 1394

AMERICAN LEGATION,
Peking, February 17, 1917.

Sir: Supplementing the despatch (No. 1368) of the 30th ultimo in which I forwarded for the information of the Department certain correspondence with the Japanese Minister here, in regard to the status of Japanese railway enterprises in Manchuria and the eventual possibility of American participation therein, I have the honor to enclose herewith a copy of a personal note, dated the 3d instant (although received on the ninth instant), with which the Japanese Chargé d'Affaires enclosed, for my confidential information, a copy of the Chinese text of the note from the Wai Chiao Pu to the Japanese Legation, under date of October 5, 1913, embodying a "General Provisional Railway Loan Agreement" relating to Manchuria. A translation from the Chinese text so communicated is also enclosed herewith.

Of the several railway loans which, by this agreement, the Chinese Government undertook to construct with the assistance of Japanese capital, it is understood that detailed arrangements have thus far been made only in regard to the Ssupingkai-Chengchiatun section—the contract for which, dated December 27, 1915, was transmitted to the Department with my despatch (No. 1331) of January 3 last.

The Pukow-Hsinyang Railway loan agreement of November 14, 1913 [printed below] which is specified in Article II as the type upon which the detailed agreements for these lines are to be modeled, was transmitted to the Department with my despatch (No. 3) of November 18, 1913.

I have [etc.]

PAUL S REINSCH

[Inclosure]*The Japanese Chargé d'Affaires to Minister Reinsch*JAPANESE LEGATION,
Peking, February 3, 1917.

MY DEAR MINISTER, I beg to enclose copy of the note of the Chinese Minister for Foreign Affairs under date of October 5, 1913 as desired by Baron Hayashi on the eve of his departure from Peking in compliance with your request made in the personal letter of the 29th ult. on the subject of cooperation between Japanese and American capital in the development of railways in Manchuria. The note being naturally of confidential character, I hope that your excellency will be good enough to keep it secret.

With the assurance [etc.],

YOSHIZAWA

[Subinclosure—Translation]*The Chinese Minister for Foreign Affairs to the Japanese Minister*

OCTOBER 5, 1913.

SIR: The question of Chinese railway loans has often been raised by you and discussed many times. A plan has now been decided upon, which is communicated to you herewith.

GENERAL PROVISIONAL RAILWAY LOAN AGREEMENT

1. The Government of the Chinese Republic agrees to make loans from Japanese capitalists for the construction of the following railways:

- a. From Ssupingchieh, via Chengchiatun to Taonanfu.
- b. From Kaiyuan to Hailungcheng.

c. From the Changchun station of the Kirin-Changchun Railway, across the South Manchuria Railway line, to Taonanfu.

The lines referred to above will connect with the South Manchuria Railway and the Peking-Mukden Railway. Arrangements therefor will be drawn up separately.

2. The detailed arrangements in regard to the loans mentioned above will be modeled on the Pukow-Hsinyang Railway Loan Agreement. After this General Agreement has been drawn up the Chinese Government will, as soon as possible, come to agreements with Japanese capitalists.

3. The Chinese Government agrees that if in future railways are to be built from the city of Taonanfu to the city of Chengtefu and from Hailungfu to the city of Kirin, that if it is proposed to borrow foreign capital, negotiations will first be entered into with Japanese capitalists.

NOTE.—The Pukou-Sinyang Railway loan agreement mentioned in above note, is reproduced below.

PUKOU-SINYANG RAILWAY LOAN AGREEMENT

[Transmitted to the Department November 18, 1913, by the American Minister at Peking]

This Agreement is made at Peking on the [14th] day of [November] 1913 corresponding to the [14th] day of the [11th] month of the 2d year of the Chinese Republic, and the contracting parties are:

The Government of the Republic of China (hereinafter called "The Chinese Government") acting through its Minister of Finance, its Minister of Communications, and the special commissioner appointed to negotiate the present agreement of the one part, and Chinese Central Railways Limited, London, (hereinafter called "The Company") of the other part.

Whereas a preliminary agreement was signed in respect to the Pukou-Sinyang Railway Loan on January 6, 1899, corresponding to the 25th day of the 11th month of the 24th year of Kuang Hsu, it is now agreed that this final agreement shall be substituted for the said preliminary agreement and this final agreement witnesseth as follows:

Article 1. The Chinese Government hereby authorizes the company to issue a five per cent (5%) Gold Loan for an amount of Three Million Pounds (£3,000,000). The loan shall be of the date on which it is issued to the public and shall be called "The Chinese Government five per cent Pukou-Sinyang Railway Loan."

Article 2. The loan is designed to provide capital for the construction of a Government line of railway from a point on the Tientsin-Pukou Railway, Southern Section, to a point at or near Sinyang on the Peking-Hankow Railway, a distance of about three hundred and fifty miles.

The route to be followed between these two points shall be decided upon by the director general of the railway after completion of the final survey.

Article 3. The capital so provided shall be solely devoted to the construction of the railway line including the purchase of the land, rolling stock and other equipment, and to the working of the line and to payment of interest on the loan during the period of construction, which is estimated at 3 years from the actual beginning of the works, the commencement of which is not to be delayed beyond six months from the date of the signature of this agreement, within which period the company shall notify the director general that a sum not exceeding £200,000 has been placed at the disposal of the railway administration, to be held in Europe or remitted to China as it may direct, as a first instalment on account of the proceeds of the loan. This amount of £200,000 or whatever portion thereof is actually advanced, together with interest thereon not exceeding a charge of six per cent (6%) per annum, shall be deducted from the proceeds of the sale of the bonds.

Article 4. The rate of interest for the loan shall be five per cent (5%) per annum on the nominal principal, and shall be paid to the bond-holders half-yearly. The said interest shall be calculated from the date on which the loan is issued to the public and shall be paid by the Chinese Government during the time of construction either from the proceeds of the loan or from other sources, and afterwards

in the first place, out of the revenues of the railway, and then from such other revenues as the Chinese Government may think fit to use for the purpose in half-yearly instalments according to the amount specified in the schedule attached to this agreement and fourteen days before due dates, Western Calendar, as calculated half-yearly from the date on which the loan is issued to the public.

Article 5. The term of the loan shall be forty (40) years. Repayment of principal shall commence from the eleventh year from the date of the loan and, except as provided in Article 6 hereinafter, shall be made by yearly amortization to the Hongkong and Shanghai Banking Corporation out of the revenues of the line or such other revenues as the Chinese Government may think fit to use for the purpose according to the amounts specified in the schedule attached to this agreement, but fourteen (14) days before their due dates, Western Calendar, as calculated from the date on which the loan is issued to the public.

Article 6. If at any time after the lapse of ten (10) years from the date of the loan the Chinese Government should desire to reduce the whole outstanding amount of the loan or any part of it not yet due for repayment in accordance with the schedule of repayments hereto attached, it may do so until the twentieth (20) year, by payment of a premium of ($2\frac{1}{2}\%$) two and half per cent on the face value of the bonds, that is to say, by payment of one hundred and two pounds and ten shillings for each £100, bond, and after the 20th year without premium: but in each and every case of such extra redemption, the Chinese Government shall give six months notice in writing to the company and such extra redemption shall be effected by additional drawings of bonds to take place on the date of an ordinary drawing as provided for in the prospectus of the loan.

Article 7. The Hongkong and Shanghai Banking Corporation having been appointed by the company agents for the service of the loan the payments due for amortization and interest, referred to in Articles 4 and 5, shall be made in accordance with the amounts of the schedule attached to this agreement and fourteen days before their due dates. These payments shall be made by the director general to the Hongkong and Shanghai Banking Corporation, in Shanghai, in Shanghai sycee and/or coin of the national currency, as soon as the said currency shall have been effectively established, sufficient to meet such payments in gold in London, exchange for which shall be settled with the bank either on the date of payment or at the option of the railway administration at any date or dates within six months previous to any due date for the repayment of interest and principal. These payments may, however, be made in gold fourteen days before their due date, if the Chinese Government should happen to have gold funds *bona fide* at their disposal in Europe not remitted from China for the purpose, and desire so to use them.

In reimbursement of expenses connected with the payment of interest and repayment of principal of the loan the Hongkong and Shanghai Banking Corporation will receive a commission of one quarter per cent on the annual loan service.

Article 8. The Chinese Government hereby unconditionally guarantees that the interest and principal of this loan shall duly be paid in full, and should the revenues of the railway and/or the proceeds of the loan not be sufficient to provide for the due and full payment of interest and repayment of principal, the Chinese Government will make arrangements to ensure that the amount of deficiency shall be met from other sources and handed over to the Hongkong and Shanghai Banking Corporation on the date upon which funds are required, to complete full payment of interest and repayment of principal.

Article 9. The loan shall be secured by mortgage of the railway declared to be now entered into in equity by virtue of this agreement, and shall, as soon as possible hereafter be secured by a specific and legal first mortgage in favour of the company upon all lands, materials, rolling stock, buildings, property and premises of every description purchased or to be purchased for the railway, and on the railway itself, as and when constructed, and on the revenues of all descriptions derivable therefrom.

The provisions of this article in respect of the mortgage are to be construed and treated as equivalent in purport and effect to a mortgage customarily executed in England.

Article 10. The company is hereby authorized to issue to the subscribers to the loan, bonds for the total amount of the loan for such amounts as may appear advisable to the company. The form of the bonds shall be settled by the company in consultation with the director general or the Chinese Minister in London. The bonds shall be printed or engraved in Chinese and English: they shall bear the

facsimile of the signature of the director general and of his seal of office, in order to dispense with the necessity of signing them all in person. But the Chinese Minister in London shall previous to the issue of any bonds, put his seal upon each bond with a facsimile of his signature, as a proof that the issue and sale of the bonds are duly authorized by, and binding upon, the Chinese Government, and the representative of the company in London shall countersign the bonds as agents for the issue of the loan.

In the event of bonds issued for this loan being lost, stolen or destroyed, the company shall immediately notify the director general and the Chinese Minister in London, who shall authorize the company to insert an advertisement in the public newspapers notifying that payment of the same has been stopped and to take such other steps as may appear advisable or necessary according to the laws and customs of the country concerned, and should such bonds not be recovered after a lapse of time to be fixed by the company, the director general or the Chinese Minister in London shall seal and execute duplicate bonds for a like amount and hand them to the company, by whom all expenses in connection therewith shall be defrayed.

Article 11. All bonds and coupons and payments of interest and repayments of principal in connection with the service of the loan shall be exempt from all Chinese taxes and imposts during the currency of this loan.

Article 12. All details necessary for the prospectus and connected with the payment of interest and repayment of the principal of this loan, not herein explicitly provided for shall be left to the arrangement of the company in consultation with the Chinese Minister in London. The company is hereby authorized to issue through its agents the Hongkong and Shanghai Banking Corporation the prospectus of the loan as soon as possible after the signing of this agreement (subject to the provision stated in Article 13 below) and the Chinese Government will instruct the Chinese Minister in London to cooperate with the company in any matters requiring conjoint action and to sign the prospectus of the loan.

Article 13. The loan shall be issued to the public in one series of bonds to the amount of three million pounds sterling (£3,000,000) as soon as possible after the signature of this agreement, subject always to the engagement of the Chinese Government under Article 17 of the Chinese Government 5 per cent Reorganization Gold Loan of April 26, 1913. The price of the bonds to the Chinese Government shall be the actual price of issue to the public in London less flotation charges of five and a half points ($5\frac{1}{2}$) retainable by the company that is to say a charge of Five Pounds Ten Shillings (£5.10/-) for every £100 bond issued.

Article 14. The proceeds of the loan shall be paid to the credit of a Pukou-Sinyang Railway account with the Hongkong and Shanghai Banking Corporation in London. Payments of loan proceeds into the credit of this account shall be made in instalments and on dates conforming to the conditions allowed to the subscribers to the loan. Interest at the rate of three (3) per cent per annum shall be granted on the credit balance of the portion of this account kept in London and interest on the credit balance of the portion transferred to China will be allowed at the Bank's usual rates for such accounts. After deduction of the funds required for the service of interest and for commission on this service during the time of construction, the Bank will hold the net proceeds with accrued interest to the order of the director general, who, in authorizing the payment of any sums exceeding £20,000 shall give notice to the Hongkong and Shanghai Banking Corporation ten days before the day on which they are required. Requisitions on the loan funds will be drawn in amounts to suit the progress of construction of the railway by orders on the Hongkong and Shanghai Banking Corporation signed by the managing director or his duly authorized representative, and the chief accountant, and accompanied by a certificate stating the nature and cost of the work to be paid for.

Funds to meet monthly estimates of construction expenses shall be transferred to Shanghai as and when required by order of the director general, such transfers being effected through the Hongkong and Shanghai Banking Corporation, and the transferred funds [funds] shall remain on deposit with this Bank until required for railway purposes.

The accounts of the railway will be kept in Chinese and English, in accordance with the accepted modern methods, under the direction of a duly qualified British Chief Accountant to be chosen and appointed by the director general with the previous consent of the company. The terms of his agreement will be fixed by the director general. The chief accountant will draw up a list of the necessary staff for his department for submission to the director general, who shall decide and

make the appointments, and the chief accountant shall have sole charge under the authority of the director general and/or the managing director, or his representative, of all disbursements and receipts of railway funds during the currency of this loan, and shall sign, in conjunction with the managing director, all documents appertaining to the disbursement of railway funds [funds]. The railway administration will publish annually upon the close of its financial year a report in the English and Chinese languages showing the working accounts and traffic receipts of the railway, which report shall be procurable by the public on application.

Article 15. If during the time of construction the net proceeds of the present loan with accrued interest, should, after deduction of the sums necessary for the service of interest on the loan, not be sufficient to complete the construction and equipment of the railway line, the amount of deficiency shall be provided, in the first place, from such Chinese funds as may be available, so as to permit of the uninterrupted continuance of the work of construction, any balance then uncovered being supplemented by a further foreign loan for the amount required, to be issued by the company. The interest and other conditions of such supplementary loan to be the same as in the present agreement.

If after the completion of the line there should be a balance at credit of the railway account such unused balance will be transferred to the credit of the interest reserve fund hereinafter mentioned in Article 17 as a provision for payments for which the Chinese Government is responsible under this agreement.

Article 16. The construction and control of the railway shall be vested entirely in the Chinese Government. The Chinese Government will appoint a director general of the railway who will reside in the immediate neighborhood of the line, and have full power to act in the name and on behalf of the Government within the terms of the present agreement. The engineer-in-chief, who will be chosen and appointed by the director general with the previous consent of the company, shall be a duly qualified British engineer and shall take orders from the director general, the managing director or his duly authorized representative. The terms of his agreement will be fixed by the director general. His duties will be to make the survey, draw up the plans of the line and make estimates, to direct the execution of the works and to order under the authority of the director general, the managing director or his duly authorized representative all the materials and equipment necessary for the exploitation of the railway. He will draw up a list of the necessary Chinese and foreign engineering staff for submission to the director general, and the latter shall appoint and send them to the engineer-in-chief who shall then assign works to them. Whenever appointments of technical employees, both Chinese and foreign, are to be made or their functions defined, as well as in the case of their dismissal, the engineer-in-chief shall be empowered to take the necessary action by the director general, the managing director or his representative.

As and when any section of the line is constructed and ready for traffic it will be handed over by the engineer-in-chief to the director general, who will, as far as circumstances permit, open such section to traffic, and will select a duly qualified British traffic manager who will be charged with the operation of the railway under the orders of the director general and/or the managing director or his representative.

When the work of construction is entirely completed the services of the engineer-in-chief will terminate, and the director general will select a duly qualified British engineer for the maintenance of the railway under the orders of the director general and/or the managing director or his representative.

The two officers above referred to shall be appointed by the director general with the previous consent of the company, and the director general shall fix the terms of their agreements.

Article 17. All receipts and earnings of the railway shall be regularly paid into the railway's account with the Hongkong and Shanghai Banking Corporation, interest on such funds being allowed by the Bank at rates to be arranged for current account or fixed deposit as the case may be.

All expenses of working and maintaining the line shall be paid from the receipts and earnings, and any remainder thereof shall be charged with the service of the loan. If, after payment of these expenses, and making due provision for payment of interest on the bonds, and for repayment of principal due in accordance with the amortization schedule hereto attached, there remain surplus funds unappropriated and properly available for other purposes, such funds shall be at the disposal of the Chinese Government to be used in such manner as the director general may decide, provided always that after completion and opening of

the line to traffic the amount sufficient for regular payments of interest and repayments of principal shall be deducted from such surplus funds, if any, and shall be deposited with the Hongkong and Shanghai Banking Corporation six months before the date on which such payments fall due.

In the event of there being no surplus funds available as aforesaid from the earnings of the railway the amount required for payments of interest and repayments of principal shall be provided in accordance with the conditions of Article 8 hereinbefore.

Article 18. The company will act as agents of the railway administration during construction for the purchase of all materials, plant and goods required to be imported from abroad. For all important purchases of such materials tenders shall be called for by the director general: in the case of all tenders indents and orders for the importation of goods and materials from abroad, the said agents shall purchase the materials required on the terms most advantageous to the railway, and shall charge the original net cost of the same plus a commission of five per cent. It is understood that no orders for materials shall be executed or any expenditure incurred without the approval of the director general to whom the engineer-in-chief shall apply for sanction.

In return for payment of commission as above stated the company shall be prepared to superintend the purchase of all foreign materials required for the construction and equipment of the railway, which shall be purchased in the open market at the lowest rate obtainable, it being understood that all such materials shall be of good and satisfactory quality, and that the railway administration shall have the right to reject on arrival in China materials which do not come up to specifications. At equal rates and qualities goods of British manufacture shall be given preference over other goods of foreign origin.

Original invoices and inspectors' certificates are to be submitted to the railway administration; all return commissions and rebates of every description shall be credited to the railway: and all purchases made by the agents on behalf of the railway shall be supported by manufacturers' original invoices and inspectors' certificates.

No commission shall be paid to the agents except as above provided: but it is understood that the railway administration shall provide out of railway funds for the remuneration of consulting engineers, whenever their services are engaged.

With a view to the encouragement of Chinese industries preference will be given, at equal prices and qualities, over British or other foreign goods, to Chinese materials and goods manufactured in China. No commission will be paid to the company on purchases of such materials and goods.

It is understood and agreed that after completion of construction of the railway the company will be given the preference for such agency business, during the currency of the loan, for the supply of foreign materials as the railway administration may require, on terms to be hereafter mutually agreed upon.

Article 19. Branch lines or extensions in connection with the railway line mentioned in this agreement that may appear to the Chinese Government profitable or necessary later on shall be built by the Chinese Government with funds at their disposal from Chinese sources, and if foreign capital is required preference will be given to the company. The length of such branch lines or extensions shall be determined by the Chinese Government.

Article 20. The company is hereby appointed trustees for the bondholders, and in any future negotiations respecting this loan or matters arising in connection therewith, which may take place between the railway administration and the company, the latter shall be taken as representing the bondholders and as empowered to act on their behalf.

Article 21. If, after the signature of this agreement and before the publication of the prospectus for the issue of the loan, any political or financial crisis should take place by which the market and the prices of existing Chinese Government stocks are so affected as to render, in the opinion of the company, the successful issue of the loan impossible on the terms herein named, the company shall be granted a reasonable extension of time to be mutually agreed upon for the performance of their contract. If within the time limit then determined the loan shall not have been issued, then this contract shall become null and void, and any advances made by the company under the provisions of Article 3 of this agreement shall be repaid by the Chinese Government with accrued interest, but without any other compensation or remuneration whatsoever.

Article 22. By the preliminary agreement dated January 6, 1899, it was stipulated that the terms and conditions of the present agreement should be subject to the terms and conditions contained in the final agreement for the Shanghai-Nanking Railway.

Article 12 of the said final agreement for the Shanghai-Nanking Railway provides for the participation by the lenders in the net profits of the railway, after certain charges have been met, to the extent of 20%, and net profit certificates were issued to the lenders to the amount of 20% of the nominal capital of the loan.

It is hereby mutually agreed that in consideration of the company waiving its rights under the aforesaid preliminary agreement it shall be granted the right to retain, in commutation of this participation in net profits one hundred and twenty thousand pounds (£120,000) out of the proceeds of the loan in instalments and on dates in proportion to, and based on, the terms of subscription to the loan, as stated in the prospectus. No further payment in respect of commutation of profits will be allowed on any supplementary loans.

Article 23. The company may, subject to all its obligations under this agreement, transfer or delegate all or any of its rights, powers and discretions thereunder to any British company, directors or agents with power of further transfer and subdelegation; such transfer, subtransfer, delegation or subdelegation to be subject to the approval of the director general.

Article 24. This loan is contracted, after having been passed by the National Assembly, under the authority of a Presidential Order dated the [14th] day of [November,] 1913, Western calendar, which has been officially communicated to the Minister of Great Britain, in Peking, by the Waichiaopu.

Article 25. Four sets of this agreement are executed in Chinese and English, three sets to be retained by the Chinese Government and one set by the company.

In the event of any doubt arising regarding the interpretation of the contract the English text shall rule.

Signed at Peking by the contracting parties this [14th] day of the [11th] month of the 2d year of the Chinese Republic, corresponding to the [14th] day of the [11th] month [November,] 1913, Western calendar.

[NOTE.—Amortization schedule not printed.]

File No. 793.94/560

Minister Reinsch to the Secretary of State

No. 1408

AMERICAN LEGATION,
Peking, March 6, 1917.

SIR: I have the honor to request more specific instructions in connection with your telegram of January 27, 5 p. m., more particularly with respect to the statement "the Department recognizes that Japan has special interests in Manchuria."

The Legation has hitherto adhered to the position that while Japan has many specific concessions in southern Manchuria her position in that region is to be understood as made up of the sum of such specific concessions; in other words, that privileges could be claimed, not by virtue of a so-called "special position," but only under some specific grant.

In my reply of January 29, 1917, to the Japanese Minister in connection with railway development in Manchuria, I expressed surprise because of a certain hesitancy on his part in recognizing the appropriateness of American cooperation in Manchuria because of Japan's "special position" there. For my part I avoided the mention of "special position" but used instead "specific concessions and rights held by Japan of which its legal position in that region is made up." In view of the note of the American Government to China and Japan, dated May 11, 1915,³³ I have considered that the American Government had not yet agreed to the limitation of American rights by the special privileges granted to Japan in southern Manchuria and Eastern Inner Mongolia by the exchange of notes of 1915, par-

³³For Rel. 1915, p. 146

ticularly with respect to preference in the matter of railways and security of taxes in these districts. It has also been my understanding that the rights of residence and business granted to Japanese by the Treaty of May, 1915, respecting southern Manchuria and Eastern Inner Mongolia, would by the "most favored nation" clause, automatically accrue to the benefit of American citizens desirous of availing themselves thereof.

Hitherto it has seemed to me that any explicit recognition of a "special position" of Japan in Manchuria, beyond the sum of specific rights granted, if accorded at all, ought to be conditioned upon such interpretation of Japanese rights as would guarantee freedom of trade in that region and upon adequate assurances as to the exemption of other parts of China from similar claims to a "special position."

It is also my belief that an undisputed claim to a "special position" in southern Manchuria is a matter of the utmost import to Japan, so that the Japanese Government in return for such recognition would undoubtedly be disposed to make concessions by way of assurances as to China proper.

In view of the interpretation given to the statement of the Secretary of State by Japanese journals, as reported to the Department by the Consul General at Mukden in his No. 9 of February 17, 1917, I have the honor to request your instructions as to the following questions:

First: Is the statement of the Secretary of State above mentioned to be understood as recognizing on the part of the American Government the special preferences as to railways and tax security created by the exchange of notes between Japan and China in May, 1915?

Second: Is the Legation warranted in assuming that the "special position" of Japan as thus recognized must be understood as confined to those specific rights and privileges which have been obtained by the Japanese Government from China and from Russia by way of international agreement; thus excluding an interpretation which upon the basis of these rights would claim for Japan a "special position" implying general rights of preference and suzerainty in the regions affected?

In reply to inquiries on the part of American citizens as to whether they could freely engage in business in Manchuria, including such enterprises as copartnership with Chinese in development of mines, the Legation has answered affirmatively. Should it be your desire that such answer be in any way modified, I have the honor to request your instructions thereon.

I have [etc.]

PAUL S. REINSCH

File No. 893.77/1594

Minister Reinsch to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Peking, April 3, 1917, 6 p. m.

In connection with American railway French Minister has just informed me the Chinese Government, September 26, 1914, gave him

assurances to the effect that in future if railway or mining enterprises are to be undertaken in the Province of Kwangsi in which foreign capital is required an offer will first be made to French capitalists.

In view of the fact that the French Government acceded to open door policy; that these assurances were kept secret; that they cover privileges granted without *quid pro quo*; and that French Legation did not mention this note during conversations October last, I beg to request instructions by telegraph whether am authorized to take stand that such a secret note cannot operate to defeat contractual rights obtained from the Chinese Government in due form.

REINSCH

File No. 893.77/1594

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, April 7, 1917, 5 p. m.

Your telegram of April 3, 6 p. m. You are authorized as you request to take the position stated by you.

LANSING

File No. 893.77/1600

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, April 13, 1917, 8 p. m.

On account of recent local controversies with the Chinese aggravating the intractable temper of the French Minister it seems unwise to take up with him Kwangsi question as proposed in my telegram of April 3, 6 p. m., and approved in your telegram April 7, 5 p. m., lest he should assume an attitude of antagonism which would prejudice any more favorable intentions on the part of the French Government. I have therefore advised him that the questions raised by his claim of priority in respect to railway construction in Kwangsi have been referred to you for consideration and I venture to suggest that the present moment appears peculiarly favorable not only for obtaining a fair arrangement in Kwangsi but also for taking up in Paris and other capitals of the Entente Powers a suggestion that their relations with and in respect to China would be placed upon a more satisfactory basis by a renewal of the adherence to the principle of equality of opportunity and by a specific disavowal of all claims to general rights of priority or of exclusive interest in any region of China as distinguished from specific rights in particular undertakings. It will prove [would seem?] that the present conjuncture of affairs would predispose at any rate the British, French and Russian Governments to give more favorable consideration than heretofore to such a declaration which would constitute a valuable reassurance to both the United States and China.

REINSCH

File No. 893.77/1805

Minister Reinsch to the Secretary of State

[Extract]

No. 1451

AMERICAN LEGATION,
Peking, April 14, 1917.

SIR: Referring to my telegram of April 3, 6 p. m., the Department's reply of April 7, 5 p. m., and my further telegram of April 13, 8 p. m., I have the honor to enclose herewith a translation of the letter addressed to me by my French colleague under date of the 30th ultimo, and a copy of my reply of the 14th instant, in regard to the French claim of priority in the matter of railway and mining enterprises in the Province of Kwangsi. I also enclose a translation of the note of September 26, 1914, from the Wai Chiao Pu to the French Legation, referred to in Mr. Conty's letter, of which a copy has been furnished me by the Ministry for Foreign Affairs. There is also added for reference Article V of the Chinese-French Trade Regulation, supplementary article, February 7, 1896. * * *

It appears that in the present conjuncture of political conditions the French Government would be particularly disposed to evidence to both the United States and China its desire to deal fairly with them and to respect scrupulously both the letter and the spirit of its adherence to the principle of equal commercial opportunity. The same would seem to be in equal degree true of Great Britain and of Russia; and it is furthermore the fact that the entry of the United States into belligerent cooperation with the Entente nations has so far assured the preponderance of power in their favor that they can be rid of the apprehension of the defection of Japan, and can deal with Far Eastern questions without bias. * * * I have therefore ventured the suggestion that the present occasion is particularly opportune to seek, in cooperation with those Powers, a formal renewal and precision of the open door principle. Such a solution would be to the interest of all commercial nations and it would do more than anything else to reassure and stabilize the situation in China both at present and in the future.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1—Translation]

*The French Minister to Minister Reinsch*FRENCH LEGATION,
Peking, March 30, 1917.

MR. MINISTER AND DEAR COLLEAGUE: At the time of the signature of the contract concluded September 30, 1916, between the Chinese Government of the one part and the American International Corporation and the Siems-Carey Company of the other part, your compatriots, evidencing a friendly delicacy towards my country, were so good as to give assurance that the French privileges concerning the provinces bordering upon Indo-China would be respected. It is therefore my duty to put them on their guard against any obstacle which might arise in that quarter.

Now it appears, from information contained in various newspapers and reviews, that the contract of September, 1916, contemplates the construction of a railway running from Hangchow to Chinchow, passing through the province of Kwangsi.

In contemplating this project, the Chinese Government appears to have forgotten the communication which it addressed to me on September 26, 1914, in concluding a negotiation in regard to certain incidents occurring upon the frontier of Kwangsi.

This communication is to the effect that if there is to be a railway to be constructed in that province, and if it is then necessary to have recourse to foreign capital, the Chinese Government will seek in the first instance to borrow French capital.

I am today recalling this engagement to the Chinese Government, and find myself obliged to notify it of my reserving all rights in regard to this matter.

I feel it my duty to inform you of this situation in order to avert any possible misunderstanding and to spare your compatriots any eventual difficulty.

Please accept [etc.]

A. R. CONTY

[Inclosure 2]

Minister Reinsch to the French Minister

AMERICAN LEGATION,
Peking, April 14, 1917.

MR. MINISTER AND DEAR COLLEAGUE: I have received your note of the 30th ultimo, and wish to thank you for bringing to my attention the matter concerning the Siems and Carey Railway Contract as relating to the Province of Kwangsi. In acknowledging your cordial appreciation of the friendly attitude taken towards the French interests by the American company, I venture to add that it was with the entire approval of this Legation that that company gave assurance of its desire to respect the specific right of French interests and privileges as known and as interpreted in the light of the French Government's consistent adherence to the policy of equality of commercial opportunity in China. Neither the Legation nor (as I understand) the American company in question was hitherto aware, however, that by the note of September 26, 1914, to which you refer, the Chinese Government had offered to French interests such a general right of priority in railway construction, in the Province of Kwangsi, as might be construed to preclude the equality of opportunity for American interests in that regard: and the question thus raised by the document which you have now brought to my attention, importing an element of exclusion or of restriction upon the opportunities of American enterprise in that province, are such as I must refer to my Government for consideration—the result of which I shall of course be happy to discuss with you.

In the meanwhile I have to advise you that, as the Americans concerned are under contractual obligations with the Chinese Government in this matter, they are proceeding at the latter's request to survey this line—which is one of a number of railways from which a selection for the purpose of actual construction is to be made on the basis of commercial feasibility as established by the surveys.

Please accept [etc.].

PAUL S. REINSCH

[Inclosure 3—Translation]

The Wai Chiao Pu to the French Minister

SEPTEMBER 26, 1914.

Since there has been disorder on the border of Yunnan and Kwangsi, which has led to misunderstandings, both sides have appointed deputies to investigate and make arrangements for the pacification of the locality. Several replies have been sent to your excellency, in response to your requests for action to be taken, which we trust have been satisfactory. Now our Government wishes to show in an especial way its friendly intentions. In future if railway or mining enterprises are to be undertaken in the Province of Kwangsi, in which foreign capital is required, an offer will first be made to French capitalists. At such a time the higher officials of Kwangsi will ascertain the facts and carry on negotiations with the French Minister. A report will then be made to the Government, which will make a final decision.

With compliments [etc.]

[Inclosure 4]

The Chinese-French Trade Regulations, Supplementary Article, 22d Year of Kuanghsü, 6th moon, 28th day (February 7, 1896)

ARTICLE V. It is agreed that if China in future wishes to open mines in Yunnan, Kwangsi or Kwangtung, negotiations shall first be entered into with French dealers in mining equipments and with French mining engineers. Mining operations shall be carried on according to Chinese mining regulations. In respect to railways in Yunnan, whether those already constructed or those to be added, there shall be mutual negotiation and the railways shall be carried on as may be agreed between the two nations, as to connections within the borders of China.

File No. 793.94/560

The Secretary of State to Minister Reinsch

No. 600

DEPARTMENT OF STATE,
Washington, April 16, 1918.

SIR: The Department acknowledges the receipt of your despatch No. 1408 of March 6, 1917, requesting specific instructions in connection with the Department's telegram of January 27, 5 p. m., particularly with respect to the statement therein contained that "the Department recognizes that Japan has special interests in Manchuria."

In my conversation with the Japanese Ambassador I had in mind nothing more than to point out the difference between conditions in Shantung and those in Manchuria, and, in using the phrase "special interests," I had reference only to such specific concessions as the lease of the Kwantung Peninsula and the leases of the South Manchuria and other railways with the right to maintain railway guards, *et cetera*,

With respect to the notes exchanged in May, 1915, by Japan and China the Department has not altered its position as stated in its telegraphic instruction of May 11, 1915.

The assumption of the Legation, therefore, is correct, that the "special interests" of Japan, in the view of the Department, are to be understood as confined to those specific rights and privileges which were obtained by the Japanese Government from China and from Russia by way of international agreement.

The Department also approves of the Legation's reply to American citizens to the effect that they can fully engage in business in Manchuria.

I am [etc.]

ROBERT LANSING

File No. 393.77/1602

The French Ambassador to the Secretary of State

[Translation]

FRENCH EMBASSY,
Washington, April 21, 1917.

MR. SECRETARY OF STATE: The Government of the Republic has received recently information to the effect that the railway contracts

awarded by the Chinese Government to the American bankers' group in September last included the construction of a track across Kwangsi.

My Government does not know whether the information is correct. It directs me, in any event, to call your excellency's attention to the fact that such a concession would be in contravention of a formal agreement made with France by the Chinese Government on September 26, 1914, under which we are given preference in regard to any railroad built in that province which borders on Tonking.

Be pleased [etc.]

JUSSERAND

File No. 893.77/1602

The Secretary of State to the French Ambassador

No. 1843

DEPARTMENT OF STATE,
Washington, May 1, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of April 27 [21], 1917, concerning the contract reported to have been made by the Chinese Government with an American group of financiers for the construction of a railway across the Province of Kwangsi.

Your excellency says:

Mon Gouvernement ignore si cette nouvelle est réellement exacte. Il me charge, en tout cas, de signaler à Votre Excellence qu'une telle concession serait contraire à un engagement formel pris vis-à-vis de la France par le Gouvernement chinois à la date du 26 septembre 1914, et d'après lequel nous possédons un droit de préférence pour toute construction de chemin de fer dans cette province qui est limitrophe du Tonkin.³⁴

The Department of State on April 3 last received a cable message from the American Minister at Peking, stating that the French Minister there had informed him that on September 26, 1914, the Chinese Government had given him assurances to the effect that should railway or mining enterprises requiring foreign capital be undertaken in Kwangsi, the offer would be made first to French capitalists.

It appears, however, that the assurances mentioned were kept secret and in view of other assurances repeatedly given by the Republic of France to this Government of adherence to the policy of the open door and of equality of commercial opportunity in China for the citizens of all nations, I instructed the American Minister in Peking that a secret note covering privileges granted without a *quid pro quo* could not operate to defeat contractual rights obtained from the Chinese Government in due form.

I have the honor, therefore, to request your excellency to bring to the attention of your Government this conviction of the American Government.

I should regret exceedingly to find our Governments at variance on this question of the policy of the open door in China in regard to which hitherto they have been in such hearty accord.

Accept [etc.]

ROBERT LANSING

³⁴ See translation in preceding paper, second paragraph.

File No. 893.77/1805

The Secretary of State to Minister Reinsch

No. 612

DEPARTMENT OF STATE,
Washington, May 18, 1917.

SIR: The Department acknowledges the receipt of your despatch No. 1451 of April 14, 1917, enclosing with other documents a translation of a letter addressed to you by the French Minister at Peking under date of March 30, 1917, and a copy of your reply of April 14, 1917, in regard to the French claim of priority in the matter of railway and mining enterprises in the Province of Kwangsi.

The action taken by you in the above-mentioned matter is approved.

For your information and guidance, there is enclosed herewith a copy of a note dated April 21, 1917, from the French Ambassador at Washington, with the Department's reply of May 1, 1917, on this subject.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 893.77/1608

The French Ambassador to the Secretary of State

[Translation]

FRENCH EMBASSY,
Washington, May 27, 1917.

MR. SECRETARY OF STATE: I did not fail to report to my Government the remarks contained in the letter your excellency was pleased to send me on the 1st of this month with respect to the concession by China to the American group of financiers for the construction of a railway across Kwangsi.

In reply to that communication the President of the Council, Minister of Foreign Affairs, wishes me to lay before your excellency the following considerations:

The pledge given to France by the Chinese Government under date of September 26, 1914, never really was in the nature of a secret note. It is but the confirmation of the provisions of Article 5 of the Convention of June 20, 1895, and of the terms of the letter, addressed on March 15, 1897, by the Tsungli Yamen to Mr. Gérard, Minister of France, which can be found in the Yellow Book (China, 1894-1898) under No. 43 on page 33. The pledge reads as follows:

Hereafter, if there be any railroad to be built or mine to be operated in Kwangsi and if recourse must then be had to foreign capital, we are fully disposed to borrow first from French capital.

The high authorities of Kwangsi should, when the time comes, weigh the circumstances and conduct direct negotiations with the French company. They shall file a report in Peking and await such action as the Government may take thereon.

It is proper further to remark that in all international agreements relative to railroad building in China, reservation was always made of the special rights of France to the Kwangsi lines.

The Government of the Republic opines that the above-quoted agreement does not in any way jar with the "open door" policy in

which it gladly professes its concurrence with the Government of the United States and to which it can but repeat its previous adhesion. Be pleased [etc.]

JUSSERAND

File No. 893.77/1616

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, July 14, 1917, 6 p. m.

Now comes the British Government and instructs British Legation to protest against the American railways in Hupeh and Hunan on the ground that September 9, 1905, Viceroy Chang Chi-tung gave to the British Consul General at Hankow a letter promising that in case foreign capital should be required for railway construction in the above-named provinces the British should be given preference. The letter has not thus far been published. British Chargé d'Affaires has not yet protested but called my attention to his instructions stating that he thought an adjustment of conflicting claims desirable and would hold the protest until we could consider this possibility. I stated that in my opinion such a letter could not defeat *bona fide* public concession by the Central Government; that our people had been willing to consider cooperation but had found the terms suggested by the British and Chinese Corporation absolutely unacceptable; that I agreed with him that British-American cooperation was desirable and that under present conditions mutual obstruction is contrary to the interests of both of us, also of China. It would seem that at this time a hint to the British Government would be sufficient to cause a change of instructions. Aside from this it is of vital interest to China that the lines already granted the British now held up for three years be built; therefore highly desirable American cooperation should be arranged for these, meanwhile not obstructing such construction of American lines as is possible at present.

REINSCH

File No. 893.77/1619

AMERICAN LEGATION,
Peking, August 9, 1917, 10 a. m.

My telegram of July 14, 6 p. m. The British protest has been filed. Even should the promise in question, given by a provincial official apparently without the ratification of the Chinese Government, be considered valid, it would give the British only the right to be asked whether they desire to finance the project. As they are unable at present to finance any of the highly important lines already granted to them it would seem highly illiberal to prevent the construction of still other much needed railways. The promise given the British in any event does not invalidate the American contract, but at most affords ground for complaint against China. Please inform whether the British Government can be induced to change its illiberal attitude. The matter is one of vital importance to the continuance of American opportunities in China.

Should the British Government insist upon the enterprise be [being?] offered to it there would be a delay of several months. Will the American Government back the Chinese Government in placing a short limit, say three months, on an offer to a nation that claims territorial preference of [for?] an enterprise which Americans are ready to undertake?

The vital interests of China including the maintenance of national unity and the ability to be of use in this war demand immediate completion of Hankow-Canton Railway. It would be of great benefit if Americans could advance the capital necessary. This would not disturb existing international arrangement.

REINSCH

File No. 893.77/1616

The Secretary of State to the British Ambassador

[Memorandum]

The American Minister at Peking, on July 14, telegraphed to the Department that he had been informed by the British Chargé d'Affaires that his Government had authorized a protest against the construction of American railways in the provinces of Hupeh and Hunan on the ground that, on September 9, 1905, the Viceroy, Chang Chi-tung, gave to the British Consul General at Hankow a letter promising that in case foreign capital should be needed for railway building in these provinces, application would be made first of all to British concerns. On the 9th instant the American Minister informed the Department that the protest had been filed.

It appears that the letter of the Viceroy, Chang Chih-tung, to the British Consul General in 1905 has never been published and therefore can not be held to defeat a *bona fide* public concession by the Central Government.

The reservation of whole provinces and larger areas in China for railway construction, for mining or for other industrial enterprise by any one Power, appears to the American Government to be decidedly at variance with the policy of the "open door" and equality of commercial opportunity to which the British Government has subscribed.

It is the opinion of the American Government that none but agreements or contracts for specific enterprises can be held to be of force under the policy of the "open door," and that such contracts if not executed within a reasonable period, ought not to operate to prevent the necessary development of the region concerned.

The recognition of the claims of any one Power to a monopoly of railway building or other industrial enterprise in extensive regions of China must result in the recognition of similar claims of other Powers in other regions and thus create a large number of spheres of interest in that country which would make a mockery of the "open door" policy and tend to destroy the territorial integrity and administrative entity of China, to the preservation of which both the American and British Governments are pledged.

The interests of the United States and Great Britain in China are identical in this respect and require that an interpretation of the "open door" policy be agreed upon that will protect *bona fide* contracts and still preserve equality of commercial opportunity. The attention of His Britannic Majesty's Ambassador is invited to this

matter as one of urgent importance. It is hoped that His Britannic Majesty's Government will be disposed to concur in the views herein expressed.

DEPARTMENT OF STATE,
Washington, August 24, 1917.

File No. 893.77/1608

The Secretary of State to the French Ambassador

No. 1928

DEPARTMENT OF STATE,
Washington, August 24, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of May 27, 1917, communicating to me the reply of the Minister of Foreign Affairs of the French Republic to my letter of May 1 last relating to a contract between the Chinese Government and the American International Corporation for the construction of a railway across the Province of Kwangsi.

I note that the Minister of Foreign Affairs states that the pledge given to France by the Chinese Government under date of September 26, 1914, really never was a secret note; that it was but the confirmation of the provisions of Article V of the Convention of June 20, 1895, and of the terms of the letter addressed on March 15, 1897, by the Tsungli Yamen to Mr. Gérard, Minister of France, from which the following quotation was made:

Dans l'avenir, s'il y a des chemins de fer à construire ou des mines à exploiter au Kouangsi, et s'il faut alors recourir à des capitaux étrangers, nous sommes tout disposés à emprunter en premier lieu des capitaux français.

Les hautes autorités du Kouangsi devraient, le moment venu, apprécier les circonstances et négocier directement avec la compagnie française. Elles présenteront un rapport à Pékin et attendront que le Gouvernement y donne suite.³⁵

The Minister of Foreign Affairs adds:

Le Gouvernement de la République estime que l'arrangement précité ne fait aucunement obstacle à la politique de la "porte ouverte en Chine", sur laquelle il se plaît à reconnaître qu'il est cordialement d'accord avec le Gouvernement des Etats-Unis et à laquelle il ne peut que confirmer son adhésion antérieure.³⁶

The American Government is gratified to receive the reassuring statement of the French Government that it concurs with the Government of the United States in the "open door" policy in China and repeats its previous adhesion to that policy.

An examination of the Convention of June 20, 1895, to which the Minister of Foreign Affairs refers, fails to discover in Article V any agreement relating to railways in Kwangsi. The text of Article V, in the possession of the American Government relates only to mines in Kwangsi and reads as follows:

Il est entendu que la Chine, pour l'exploitation de ses mines dans les provinces du Yun-nan, du Kouangsi et du Kouang-tong, pourra s'adresser d'abord à des industriels et ingénieurs français, l'exploitation demeurant, d'ailleurs, soumise aux règles édictées par le Gouvernement impérial en ce qui concerne l'industrie nationale.³⁷

³⁵ See translation in note from French Ambassador, May 27, 1917, fourth and fifth paragraphs.

³⁶ *Id.* last paragraph.

³⁷ Translation: It is understood that China may, for the exploitation of her mines in the Provinces of Yunnan, Kwangsi and Kwangtung, apply first to French manufacturers and engineers, the exploitation remaining, however, subject to the regulations issued by the Imperial Government concerning national industry.

With respect to the letter of March 15, 1897, from which the Government of France quotes the pledge given by China, the copy of the Yellow Book to which reference was made (China 1894-1898) contains, it is true, on page 33 a note numbered 43, but this note relates to the non-alienation of the Island of Hainan and makes no reference to Kwangsi. No doubt a mistake has been made in the citation. Thus far I have been unable to find in the files of the Department of State any copy of the note from which the Minister of Foreign Affairs makes quotation.

The existence of such an agreement, however, does not in the view of the American Government justify the objection made by the French Government to the contract between China and the American International Corporation.

I regret that I cannot share the opinion of the Government of the French Republic that the agreement does not jar with the "open door" policy, to which the Government of France repeatedly declared its adherence some years after the pledge of 1897 was given.

The American Government's understanding of the "open door" policy in its relation to the claims of any nation to exclusive right to build railways, develop mines, or conduct other industrial enterprises in any region of China is clearly set forth in the memorandum sent by the American Government on February 1, 1902,³⁸ to all the Powers interested in China. In that memorandum the following language was used:

An agreement by which China cedes to any corporation or company the exclusive right and privilege of opening mines, establishing railroads, or in any other way industrially developing Manchuria, can but be viewed with the gravest concern by the Government of the United States. It constitutes a monopoly, which is a distinct breach of the stipulations of treaties concluded between China and foreign powers, and thereby seriously affects the rights of American citizens; it restricts their rightful trade and exposes it to being discriminated against, interfered with, or otherwise jeopardized, and strongly tends toward permanently impairing the sovereign rights of China in this part of the Empire, and seriously interferes with her ability to meet her international obligations. Furthermore, such concession on the part of China will undoubtedly be followed by demands from other Powers for similar and equal exclusive advantages in other parts of the Chinese Empire, and the inevitable result must be the complete wreck of the policy of absolute equality of treatment of all nations in regard to trade, navigation and commerce within the confines of the Empire.

On the other hand, the attainment by one Power of such exclusive privileges for a commercial organization of its nationality conflicts with the assurances repeatedly conveyed to this Government by the Imperial Russian Ministry of Foreign Affairs of the Imperial Government's intention to follow the policy of the "open door" in China, as advocated by the Government of the United States and accepted by all the Treaty Powers having commercial interests in that Empire.

The American Government still holds this view and therefore is disposed to believe that adhesion by France to the policy of the "open door" debars that Government from any claim to exclusive privilege in Kwangsi for the construction of railways. For this reason the American Government is unable to acknowledge the force of the objection made by France to the contract for the construction by the American International Corporation of a railway across Kwangsi.

³⁸ For. Rel. 1902, p. 275

It is a matter of regret that there should be any difference of opinion between the Governments of the two allied Republics as to the meaning of the "open door" pledges, but it is the sincere belief of the American Government that concessions by China to various Powers of exclusive advantages in the respective regions claimed by them as spheres of influence is detrimental to the best interests of all concerned and that the surest method of preserving the territorial integrity and administrative entity of China is by the insistence of all Powers upon equality of opportunity for commerce and industry in all parts of China without exception.

In requesting your excellency to communicate to the Minister of Foreign Affairs this statement of the views of the American Government I have the honor to express the hope that the Governments of the two Republics may come into complete accord in regard to the question at issue.

Accept [etc.]

ROBERT LANSING

File No. 893.77/1620

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, August 31, 1917, midnight.

As a result of conversations with Ministry of Communications as well as the British and French representatives, I have the honor to ask your consideration of following:

The completion of the Canton-Hankow Railway is the prime requisite for the maintenance of Chinese national unity, as it will establish quick communication between centers of Canton, Hankow, Peking. Usefulness of China in this war would be greatly enhanced through this railway, which would moreover make readily available supplies from several rich provinces. This railway could be completed in one year if entrusted to competent construction companies.

Totally aside from enormous importance of this enterprise for all time, the effect in mobilizing Chinese national strength and resources for use as reserve in this war would be such as to warrant the American Government for war purposes lending the necessary funds to the Chinese Government directly. Existing contracts need not be disturbed by this arrangement. This possibility has not been mentioned to the Chinese who, however, hope that the American Government will do its utmost to make this indispensable work possible.

From the point of view of America no other act would signally contribute to the national and war efficiency of China and forever redeem American reputation originally compromised in connection with Canton Railway.

If you wish to consider it I shall lay before you a more specific proposal.

REINSCH

File No. 893.77/1620

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, September 7, 1917, 5 p. m.

Your August 31, midnight. Your suggestion is having consideration. Please state specific proposal to which your last sentence refers.

LANSING

File No. 893.77/1625

The British Ambassador to the Secretary of State

[Memorandum]

[Handed to the Secretary of State by the British Ambassador, September 8, 1917]

As the Department of State were informed in the British Embassy's memorandum of August 30 last,⁴ the Department's memorandum of August 24 in regard to the bearing of the "open door" policy in China on the execution of foreign contracts for the construction of railways was duly forwarded to London for the consideration of His Majesty's Government.

A telegram has now been received from Mr. Secretary Balfour, instructing the British Embassy to inform the State Department that His Majesty's Government have given the most careful consideration to the memorandum in question, and are of opinion that there is much force in the arguments put forward. It is clear that the only hope of maintaining tranquillity, and developing the economic resources of China, lies in the development of internal communications, and that the policy most suited to the requirements both of China herself and of the exporting countries which look upon her as a great potential market, would be the greatest possible extension of those internal communications throughout the country, by contractors of all nationalities.

In the view of His Majesty's Government, it is a cause for regret that a régime whereunder specific areas are earmarked for the enterprise of specific countries has gradually taken the place of a régime of free railway construction. They are of opinion, however, that it would be a mistake not to recognize that such a transition has actually taken place. It is felt that during the last ten years the special position of Japan in Manchuria has been given tacit recognition, as well as the position of Germany in Shantung, the French declaration regarding Hainan and the provinces bordering on Tongking, the Japanese declaration concerning Fukien, the prior rights of Russia north of the Great Wall, etc. It is true that, with the exception of the last, the formal recognition by His Majesty's Government of special rights in the areas in question was neither sought nor given. In practice, however, British applicants for concessions on those areas have in no case been given support. The British Gov-

⁴Not printed.

ernment have, in fact, recognized that the enterprise of their railway contractors is excluded from certain provinces and areas in China and, in view of such exclusion, it would be difficult for them to justify to their own people the throwing open of the only areas in which a privileged position is enjoyed by them to non-British enterprise.

In spite of these circumstances, His Majesty's Government would be loath to adopt what might appear to be a "dog in the manger" policy towards the entry of American capital into Hupeh, were it not for the further consideration that, whereas the economic development of China is the sole object of British and American railways, those constructed by other nationalities have sometimes other than economic objects in view. It is felt that were the British Government to consent to an infringement by an American concession of their rights under the Vice Regal letter of 1905, this would lead to a third Power immediately demanding the grant of a similar privilege. The United States Government will doubtless agree that the construction with political and strategical objects, of a railway in the heart of the Yangtze Valley would conduce neither to the future integrity of China, nor to the advantage of international trade.

While the preceding paragraphs embody the views of His Majesty's Government and the general question of railway construction in China, the British Embassy are instructed to explain the position with special regard to the concessions obtained by the Siems-Carey group.

The fact that the Hankow Viceroy's letter of 1905 has never been published is not disputed. Its existence is, however, a matter of common knowledge. The American Legation at Peking have for long past possessed a copy of it, and this copy was recently shown to His Majesty's Legation for purposes of verification. It must, moreover, be conceded, that other Siems-Carey concessions without exception infringe agreements granting prior rights to other Powers, agreements which have been published and which must be well known to the United States Minister at Peking.

The Department of State may possibly argue that by the recognition of all existing agreements and declarations with regard to railway concessions in China, American enterprise would be debarred from the construction of a number of remunerative lines, which the agreements and declarations in question cover, but which the nationals of the Powers concerned are unable or unwilling to construct. In the case of British concessions which might be regarded as included in this category, the railways involved are trunk lines of great importance, the failure of the British concessionaires to construct them being solely due to the financial burden which Great Britain has been called upon to bear in connection with the European war. It is clear that the lines in question should be constructed at the earliest possible moment in the interests of China and of foreign trade, and, in the event of funds being still available in the United States for such a purpose, His Majesty's Government would be the first to welcome the cooperation of British and American interests in their construction

File No. 893 77/1625

The Secretary of State to the British Ambassador

[Memorandum]

The memorandum of the British Embassy, under date of September 8, 1917, in regard to the "open door" in China and concessions to different Governments in certain districts of China, is now acknowledged.

It is noted by the State Department, with much satisfaction, that His Majesty's Government feels that there is much force in the arguments put forth in the Department's memorandum of August 24, 1917.

With considerable interest is read the statement in the memorandum of the British Embassy that

in the view of His Majesty's Government it is a cause for regret that a régime whereunder specific areas are earmarked for the enterprise of specific countries has gradually taken the place of a régime of free railway construction.

The American Government would fully share that regret, did it feel compelled to recognize that such a change had actually taken place. This the Department of State does not admit.

The fact that formal recognition was not given by His Majesty's Government of the special position of Japan in Manchuria, of Germany in Shantung, of the French claims in Hainan and the provinces bordering on Tongking, and of the Japanese declaration concerning Fukien, places His Majesty's Government, as regards China and as regards the "open door" as applied to China, in much the same position as the Government of the United States.

A China free of all claims by other Governments to special geographical areas for investment purposes would lend itself to the legitimate and unselfish financial enterprises of a friendly world. The benefits accruing to China would be manifold. The competition between nations and the intermingling of the general interests of different nationalities would prevent the acquirement by any one Government of such exclusive and proprietary privileges in any one region as to be tantamount to political control of that region. The free opportunity of investment for the citizens or subjects of any nation in all parts of China would invite to invest in any part of China the citizens and subjects of all nations who, it is now claimed, are shut out from very large areas there because those areas are preserved for the exclusive activities of citizens of the Government setting up a claim to exclusive privileges. The more uniform development of China would naturally result because ready capital would not be precluded from utilization in a now reserved district where the citizens of the Government claiming the reservation are at present not able or do not feel disposed to avail themselves of the privileges claimed for them.

The advantages to the nations now claiming spheres of influence would also be many. Among them, the whole of a great and undeveloped country would be thrown open to legitimate commercial activity of their citizens, whereas under a policy of exclusive privileges those activities would be restricted to a defined area. There could be friendly cooperation between the citizens of any Powers for their mutual good, and to the lasting benefit of China—a condi-

tion which is now hardly possible except on such polite invitation as is suggested in the memorandum of the British Embassy now under acknowledgment.

The Government of the United States appreciates the friendly spirit His Majesty's Government manifests in indicating the possibility of joint cooperation in the construction to which the memorandum relates but the Government of the United States wants His Majesty's Government to feel that the United States Government is inspired by no selfish desires in this matter. The United States Government feels that in this day of international dealing, when international economic exchange and coordination have assumed an unprecedented importance, the nations friendly to China owe to themselves, to each other, and to China the duty to assume that attitude among themselves and towards China which will better enable her to meet the economic demands which will increasingly be made upon her. Such an attitude, in the opinion of the United States Government, requires a strict adherence to the policy of the "open door."

Since the opinion of His Majesty's Government, expressed in the recent note and referred to in the first few paragraphs herein, so nearly accords with the view of the Government of the United States as regards the "open door," and since His Majesty's Government has not given formal recognition to the claims of the Powers to spheres of influence the Department of State feels that His Majesty's Government might be glad to join with the United States Government in an effort to secure a more faithful observance of the "open door" policy by the Powers pledged thereto. If His Majesty's Government will continue to support the policy or agree to do so on condition that other Governments renew their pledges, the Government of the United States will be very glad to have the cooperation of His Majesty's Government to so worthy an end.

Existing contracts and vested commercial interests ought not to be disturbed, but it is necessary that the Powers cease to claim exclusive privileges in the various geographical areas with which they have respectively concerned themselves.

DEPARTMENT OF STATE,
Washington, September 20, 1917.

File No. 893.77/1808

The Secretary of State to Minister Reinsch

No. 681

DEPARTMENT OF STATE,
Washington, September 27, 1917.

SIR: Referring to the Department's instruction No. 612 of May 18, 1917, there is sent enclosed copies of later correspondence between the French Embassy in Washington and the Department of State relating to the protest of the French Government against the proposed construction by an American corporation of a railway across the Province of Kwangsi.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 893.77/1613

The Secretary of State to Minister Reinsch

No. 683

DEPARTMENT OF STATE,
Washington, September 27, 1917.

SIR: There is sent enclosed herewith for your information, by the hand of Mr. J. Donald C. Rogers, recently appointed a Secretary of your Legation, copies of correspondence between the Department of State and the British Embassy and between the Department and the American Embassy in London, relating to the protest of the British representative in China against a contract for the construction by an American corporation of a railway line in the Province of Hupeh, as reported by you in your telegram of July 14, 6 p. m.

The substance of your telegram was embodied in the memorandum of August 24, 1917, to the British Embassy. To this the Embassy replied on August 30 that the Department's memorandum had been forwarded to London.

The reply of His Britannic Majesty's Government was communicated to the Department through the British Embassy in Washington in a memorandum dated September 7, but handed to the Department on September 8.

To this the Department rejoined in the memorandum of September 20.

You will be kept informed of the progress of these negotiations from which the Department hopes for a favorable result.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 893.77/1633

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, October 10, 1917, 10 a. m.

My telegram August 9, 10 a. m. Please inform whether the British Government has expressed itself further concerning the protest which is now delaying the construction of the American railway in Hunan, Hupeh, the survey having been completed.

REINSCH

File No. 893.77/1633

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, October 11, 1917, 3 p. m.

Your October 10, 10 a. m. British Ambassador on September 7 [8] handed Department a memorandum on "open door" and concessions in China stating that in the view of the British Government it was a cause for regret that a policy of earmarking certain areas for enterprises of specific countries had apparently gradually supplanted régime of free railway construction but that it would be a mistake not to recognize such a transition. A tacit recognition has been given during past ten years to a special position of Japan in Manchuria and Fukien. to Germany in Shantung, France in Hai-

nan and provinces bordering Tongking, and Russia north of Great Wall, but that with exception of last His Britannic Majesty's Government's formal recognition had neither been sought nor given to special rights in those regions.

The Department replied on September 20 saying it would share British regret if it felt compelled to recognize such change which it did not admit. The British Government in its memorandum indicated possibility of joint cooperation in the proposed enterprise, but the Department without rejecting proposal intimated that the better plan would be to cooperate in securing a more faithful observance of the "open door" policy. British Ambassador was informed that if it will continue to support "the open" door or agree to do so on condition that other Governments renew their pledges the Government of the United States will be glad to have the cooperation of British Government to that end. British Ambassador telegraphed substance of Department's memorandum of September 20 to London and on October 8 Ambassador informed Department that Secretary Balfour would give matter careful consideration as soon as memorandum should be received. Protest against construction of line has, therefore, not been withdrawn.

Copies of correspondence being sent you by Rodgers who sails October 11.

LANSING

File No. 893. 77/1640

Minister Reinsch to the Secretary of State

No. 1670

AMERICAN LEGATION,
Peking, October 13, 1917.

SIR: Referring to previous correspondence in reference to the Hukuang Railways, I have the honor to enclose herewith a copy of a letter under yesterday's date in which Mr. R. St. Pierre, the Peking representative of the Banque de l'Indo-Chine, suggested cooperation between American and French interests with a view to an arrangement by which they might obtain from the interested British Group a relinquishment of all its interest in the proposed Szechuan section of the Hukuang Railways, thus giving the Americans and French a free hand to construct the section from Hankow to Chengtu, save in so far as it might be deemed that the Germans retain their rights, under the Loan Agreement of May 20, 1911, in that portion of the line from Hankow westward to Ichang.

In conversations with me and with the Secretary of the Legation, Mr. St. Pierre has made clear his view that the existing arrangement for the construction of the Hukuang Railways is in practice unsatisfactory, if not actually impracticable, particularly in respect to its provisions for "impartial preference" in the furnishing of materials, which are in contradiction to the terms of the inter-Bank agreement, and which have already led to serious differences between the American and the British interests concerned; and he has intimated that he considers that a practical solution of the difficulties inherent in the project is to be found only in the abandonment of the unworkable principle of free competition for the supply of materials on all sections, and the reversion to the Tientsin-Pukow system of definite allocations of mileage to each national group, each group to deal as it thinks fit with the section entrusted to it.

So far as concerns American interests, it must be acknowledged that the attempt to establish an indiscriminate joint interest in all of the several sections of the Hukuang Railways has proved disappointing and even humiliating. It will be recalled that, under the original loan agreement, the engineering rights of the French in the western portion of the contemplated Szechuan extension were postponed to the occasion of a supplementary loan which has, of course, not yet been issued; the American rights in the I—Kwei section have, in the event, been postponed to the necessity of concentrating the American funds upon the completion of that portion of the so-called British section between Hankow (Wuchang) and Changsha; the British section has absorbed the majority of the total proceeds of the loan, in constructing rather less than half of the contemplated line, and has in doing so violated its express obligations to afford American markets an equal opportunity, and contrived to introduce British standards for locomotives even where they had to be obtained from America at a higher cost; and the Germans, until the severance of diplomatic relations by China, went on building their section northwestward from Hankow towards Hsianfu, with little relation to the general Hukuang project, and now, as I have just learned, the Chinese director general of the Hukuang Railways (Dr. Jeme) is proposing to entrust to Mr. Cox—the British engineer-in-chief who has so contemptuously ignored the principle of “impartial preference” and the specific recommendations of the Engineers’ Conference³⁹—the functions of acting engineer-in-chief of the German section. In actual experience, the elaborate internationalization of the Hukuang Railways has thus far resulted in their coming under the preponderant influence of the British; and except for the bankers’ profits on the loan transaction, the advantages expected to accrue in favor of American interests have proved almost wholly illusory. Under these disappointing conditions, it must be acknowledged that it is at least alluring to consider such a proposal as that of Mr. St. Pierre, by which American interests would have determinate and enforceable rights in a section of the very attractive line between the province of Szechuan and navigable water on the Yangtze River. And this suggestion seems the more fair in that it contemplates the surrender by the French Group of some two hundred kilometers of railway rights to which it is entitled (as against the British) by reason of the violation by the British and Chinese Corporation of the former’s right of participation in the Pukow-Sinyang Railway whereas American interests are called upon only to join in the effort to influence the Chinese Government to arrange for the transfer to British control of the provincial railway from Canton to Shiuchow.

Whether the proposed American and French line into Szechuan should eventually run from Hankow, or from Ichang, to Chengtu, depends upon the question of the validity of German rights in the section from Hankow to Ichang. It would appear that the German rights derivable from the Hukuang Loan Agreement of 1911 may be summarized as follows:

(a) Bankers’ right to participate in the loan, and to issue bonds secured upon the whole property of all sections of the Hukuang Railways. Subject to certain adjustments, indicated by Mr. St. Pierre, in regard to retained proceeds of the loan, this right would appear to remain unimpaired in essence—although presumably all questions of

³⁹ For. Rel. 1916, p. 154.

payment on the German issue of bonds, and of security therefor, are postponed until the conclusion of the war.

(b) Engineering rights in respect to the Hankow-Ichang section, during the period of construction. This right in favor of the Germans would perhaps be the most tangible legal obstacle to the taking over, by the Americans and French, of the section between Hankow and Ichang. It may nevertheless be argued that the Germans have exhausted such rights by the expenditure of their portion of the loan funds upon the incomplete construction of a line which in fact only partially conforms to the project contemplated by the agreement. And it may be further urged that the state of war in itself warrants the Chinese Government in assigning to others the execution of the project.

(c) Bankers' option to participate in a supplementary loan of £4,000,000 for the purposes of the Hukuang Railways. Apart from any question of the extinguishment of such rights by virtue of the existing state of war, it is the fact that the Chinese Government has repeatedly offered to "the Banks"—i. e., to the particular partnership of American, British, French and German Banks—the opportunity to take up this option; and that that combination of interests, as such, has of necessity declined that offer, however willing certain of its individual constituent groups may have been to take it up. I venture to state that it seems to me not merely an arguable thesis, but an irresistible conclusion that, as a legal fact, the option offered to and declined by the consortium of interests in whose favor it was reserved by the Agreement of 1911 is now exhausted and void, so that the Chinese Government would be, from the merely legal standpoint, entirely justified in offering it to anyone whatsoever—although as a matter of obvious policy it would be presumed that the Chinese Government would first consult the representatives of such nationalities as are friendly, which were originally interested in the project.

I beg to request an early expression of the Department's opinion as to the points of law thus presented in regard to such rights as may be deemed to persist in favor of German interest in the Hukuang Railways.

I beg also to request an opinion as to the legal status, in this matter, of any American organization which might be requested by the Chinese Government to participate with the French (and perhaps British) banking interests in the construction of the Szechuan extension which was originally reserved in favor of "the American Group" jointly with the French and British.

These questions are in a measure hypothetical; but a determination seems necessary for the purpose of effecting some satisfactory arrangement for the realization of the project contemplated by the Hukuang Railroad Agreement of 1911.⁴⁰

The question of policy involved will be evident, and I venture to hope that the Department will see its way to give such instructions as will enable the Legation to take a definite position in respect to Mr. St. Pierre's proposal for cooperation between the French Group and American interests in the construction of the section westward from Hankow (or from Ichang) to Chengtu.

I have [etc.]

PAUL S. REINSCH

⁴⁰ For. Rel. 1912, p. 87.

[Inclosure]

Mr. Saint Pierre to Minister Reinsch

PEKIN, October 12, 1917.

SIR: I have the honour to send you herewith the mileage of the Hukuang Railways according to the last surveys. Those figures have been checked by Mr. S. Mayers; but, as we have found discrepancies between different reports, we are sending them to the Engineers-in-Chief asking them to let us know if they are correct.

I think that, the English Group having to make good to the French Group 215 kilometres as compensation for the Pukow-Sinyang and being given the control of the Kwangtung Provincial Railway, the whole of the Szechuan line from Hankow to Tchentu [Chengtu] could be divided equally between the American and French Groups: the first section being American.

This would, as far as possible, give to each country the possibility of furnishing materials in proportion to the amount of money issued on its own market.

I am writing in this sense to my Group by to-day's mail.

As regards the German rights, after careful consideration, it seems to me that they arise from the loan agreement only, which gives to the "Banks" authority for the issue of £6,000,000 Government Bonds and an option on a further issue of £4,000,000. So I think that:

1. Provided the balance of the loan still in Berlin (£230,000) is expended by compensation with funds put aside by the Chinese Government.

2. And provided a notification is addressed by the Board of Communications to the "Banks" that, having failed to issue the second series of the loan, their option is forfeited:

The Chinese Government would be at liberty to take new arrangements and to enter into a new agreement with a new group composed of the three Banks.

But of course this is only my personal view and it would be necessary to have legal opinion on the matter.

It may interest you to hear that the option on the Currency loan of the French and British Groups has been renewed for a further period of six months; but with the mention however that it is for the last time. This gives us time to breathe.

I have [etc.]

R. SAINT PIERRE

[Subinclosure]

HUKUANG RAILWAYS MILEAGE OF SECTIONS

	Miles	Kilomètres
<i>Hupei-Hunan Section</i>		
From Wuchang to Changsha.....	226	363
From Changsha to Lokow.....	41	66
From Lokow to Hunan border.....	198	319
	465	748
<i>Kwangtung Provincial Railway</i>		
From Canton to Shiuchow.....	136	219
From Shiuchow to Hunan border.....	63	101
	199	320
<i>Han-I Section</i>		
From Hankow to Ichang.....	217	350
From Yangschiakung to Lau-Ho-Ko.....	139	224
From Tsiennyangi to Shasi.....	28	45
	384	619
<i>I-Kwei Section</i>		
From Ichang to Kweichowfu.....	135	217
<i>Szechuen Extension</i>		
From Kweichowful to Wan Hsien.....	82	132
From Wan Hsien to Tchong-King.....	189	304
From Tchong-King to Tchentu.....	325	523
	596	959

File No. 893.77/1648

Minister Reinsch to the Secretary of State

No. 1736

AMERICAN LEGATION,
Peking, November 19, 1917.

SIR: I have the honor to acknowledge the Department's instructions No. 683, dated September 27, relating to the protest of the British Government against the proposed construction by an American corporation of certain railways in the Provinces of Hupeh and Hunan. The strong position taken by the Department in the defense of American industrial opportunities in China is very encouraging to the Legation.

I have the honor to point out that the memorandum of his excellency, the British Ambassador, dated September 7, contains certain misconceptions. Thus the statement that

Other Siems-Carey concessions without exception infringe agreements granting prior rights to other Powers, agreements which have been published and which must be well known to the United States Minister at Peking,

can by no means be conceded. With respect to the alignment allotted from Fengchen in northern Shansi to Ninghiafu in Kansu, it has not and can not be admitted that any agreement exists which would exclude American capital from the construction of this line. This is the position constantly taken by the Legation in this matter, as reported in my despatch No. 1252 of October 31, 1916,³⁷ and No. 1282 of November 28, 1916;⁴¹ also, the secret agreement upon which the French protest to the line in Kwangsi Province is based, was never published, nor was its existence known to the Chinese officials most concerned. The statement in his excellency's memorandum, referring to the Hankow viceroy's letter of 1905, that "the American Legation at Peking have for a long time possessed a copy of it," is not correct. No copy of this note was on file in the Legation until October 15, 1917. The copy which was shown to the British Legation here for purposes of verification, is the copy in the collection of the late Mr. Rockhill which is now being edited by Mr. MacMurray, who took this copy to the British Legation purely for his own purposes as editor of the collection in question, and not in any sense as seeking information for the American Legation. Even had this document been officially known to me, I could not have recognized it, as it lacks the ratification of the Central Government and as its recognition would have jeopardized the opportunity of Americans freely to engage in industrial enterprises in China.

I have [etc.]

PAUL S. REINSCH

File No. 893.77/1643

J. P. Morgan and Company to the Secretary of State

NEW YORK, November 23, 1917.

DEAR SIR: We enclose for your information copy of a letter which we have just received from the Peking office of the International

⁴¹For. Rel. 1916, pp. 199 and 207.

Banking Corporation, relative to the future policy to be pursued on the Hukuang Railways, with special regard to the German section.

We would appreciate very much an expression of opinion from you in the matter outlined in this letter.

Yours very truly,

J. P. MORGAN & Co.

[Inclosure]

The Manager of the International Banking Corporation at Peking to the General Manager at New York

INTERNATIONAL BANKING CORPORATION,
Peking, October 20, 1917.

DEAR SIR: It seems to be the united opinion of the Groups' representatives in Peking that this time, when the interests of England, France, China and the United States are similar, as opposed to Germany, is most opportune for arriving at some new understanding regarding the future policy to be pursued on the Hukuang Railways. With the changed conditions, the old Hukuang Agreement would probably have to be considerably altered and the eventual disposition of the German section agreed upon. May we suggest that a conference of the representatives of the Groups be held either in New York or London and the question of the future action on the Hukuang Railways discussed.

We understand that the American Legation is wiring to the State Department inquiring as to the status of the German interests on the Hukuang at the close of the War. This information could probably be secured direct from the State Department by the Groups if desired.

A statement of mileage of Sections, prepared by Mr. Saint Pierre of the Banque de l'Indo-Chine and Mr. Mayers of the British-Chinese Corporations is enclosed.⁴² It has been submitted to Mr. Randolph for verification and should any correction be made you will be duly advised.

Yours very truly,

R. E. SHAW,
Acting Manager

File No. 893.77/1652

Minister Reinsch to the Secretary of State

No. 1757

AMERICAN LEGATION,
Peking, November 26, 1917.

SIR: Supplementing my despatch No. 1736 of the 19th instant, in regard to the protest of the British Government against the proposed construction by an American corporation of certain railways in the Provinces of Hupeh and Hunan, I have the honor to enclose herewith, as a matter of record, a translation of the letter from Viceroy Chang Chih-tung to British Consul General Fraser, under date of September 9, 1905, embodying the assurance upon which the British protest is based. The correctness of this translation has been unofficially confirmed by the Chinese secretariat of the British Legation, with particular reference to the stipulation (contained in the final paragraph of the body of the text) that half of the engineers required for the construction of the railways contemplated would be Japanese.

From Mr. Mayers of the British and Chinese Corporation, it is learned that this provision in favor of the Japanese was inserted in the viceroy's letter at the last moment, and quite unexpectedly to the British authorities concerned in the negotiations, to which this

⁴²Printed *ante*, p. 203.

assurance was incidental, for the loan from the Hongkong Government for the redemption of the China-American Development Company's concession for the Canton-Hankow Railway: the existence of this provision in their favor was for a long time suspected by the Japanese without their having any evidence thereof; subsequently, however, having learned of its existence, they based upon it a request for participation in the construction of the Pukow-Sinyang Railway (the loan contract for which, dated November 14, 1913, was forwarded to the Department in the Legation's No. 3 of November 18, 1913); but this claim was not very strongly urged at the time, and was shortly relinquished.

In my despatch of the 19th instant, above cited, I stated that a copy of the enclosed translation of the viceroy's assurance had been presented to the British Legation here for purposes of verification by Mr. MacMurray, "who took this copy to the British Legation purely for his own purposes * * *, and not in any sense as seeking information for the American Legation." Lest this statement should lend itself to the misconstruction that in doing so Mr. MacMurray had acted in pursuance of his own interests as editor of a compilation of China agreements, in disregard of his responsibilities to the Legation, I feel it is only fair for me to add that the statement referred to merely dissociates Mr. MacMurray's inquiry from any action taken by the Legation in the matter of the British protest.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Translation]

The Hukuang Viceroy to British Consul General Fraser

SEPTEMBER 9, 1905.

In view of your services in obtaining for me the present loan for the redemption of the Canton-Hankow Railway and the very fair terms on which it has been arranged, I have the honor to give the following assurance which binds the viceroys and governors of the three Provinces of Hupeh, Hunan and Kuangtung and their successors in office who have power to deal with railways:

As regards funds for the future construction of the Canton-Hankow Railway, in case it is necessary to borrow abroad in addition to the amount China may herself provide, the first application shall be made to England, and if the British tender is, as regards interest and issue price, equal to the tenders of other countries, British financiers shall have the first option of undertaking the business; if in the above and other respects the tenders of other countries are fairer and more favorable than England's, China will be free to choose the fairest and most favorable and make other arrangements for borrowing.

If funds for constructing the Canton-Hankow Railway have been borrowed from England, then for the machinery and materials required for that line, apart from what China has of her own making, if bought abroad, British firms and works shall first be applied to, and if their tenders are of similar cost to those made by other countries' firms and works, the British works shall have the first option of undertaking the orders; if the wares of other countries are excellent and the price moderate, China shall be free to contract for purchase from the most suitable.

Beyond this, if within the jurisdiction of Hupeh and Hunan there are other railway construction enterprises which likewise necessitate loans from abroad, they shall be dealt with on the system set forth above as applicable to the Canton-Hankow Railway loans.

With regard to the engineers needed for the construction of the railways, I declare that one-half will be of the nation that lends the funds and the other half will be Japanese. The work will be divided into sections for undertaking, and each nation will attend to its own business. China will retain control as regards

all railway companies, their employees, selection of land, management of lines, and running of cars; the engineers will only attend to the affairs of the requisite works within their sections and may not interfere in anything else.

I am communicating officially with officers concerned, and I have, etc., etc.
(Seal of Hukuang Viceroy)

HUAI RIVER AND GRAND CANAL CONSERVANCY PROJECT. PARTICIPATION OF A JAPANESE BANK IN THE CONTRACT BETWEEN CHINA AND AN AMERICAN FIRM FOR THE IMPROVEMENT OF THE GRAND CANAL⁴³

File No. 893.811/236

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Peking, January 2, 1917, 8 p. m.

My telegram of December 29, 10 p. m. [a. m.]⁴ The American International Corporation telegraphs Carey [and] Gregory in substance:

The Japanese Government favors cooperation canal. May intimate to Chinese protest will be withdrawn if cooperation arranged. Cooperation would remove public apprehension regarding Japanese opposition American finance held. We propose arrange understanding under which Japanese and yourselves would jointly negotiate with Chinese. Delicate handling necessary.

The Japanese *démarche* regarding canal has been treated heretofore as an inquiry and so explain to American representative by a member of Japanese Legation, see my despatch No. 1267.⁴⁴

It would have been impossible to find a more unsuitable enterprise for cooperation. Should the Chinese learn that it is proposed to carry the Japanese into Kiangsu on the back of Americans their indignation will be without limit, resulting in great damage to American interests in general and in universal antagonism to the International Corporation.

REINSCH

File No. 893.811/236

The Secretary of State to Minister Reinsch

[Telegrams]

DEPARTMENT OF STATE,

Washington, January 4, 1917, 4. p. m.

Your telegrams of December 29, 10 a. m. and January 2, 8 p. m. Corporation declares no desire to displease China. Straight will come to Department Saturday for consultation.

LANSING

File No. 893.811/237

DEPARTMENT OF STATE,

Washington, January 8, 1917, 5 p. m.

Your telegrams of December 29, 10 a. m. and January 2, 8 p. m. Straight states Corporation not committed to cooperation with Japan

⁴Not printed.

⁴³Continued from Foreign Relations 1916, p. 103.

⁴⁴For. Rel. 1916, p. 127.

in canal project but declares impossible to finance scheme while Japan protests. Straight holds that China must first dispose of protest.

Department called attention to exceptional character of canal project in origin and relations making desirable that it remain solely American, but admitted that in other enterprises if desired or willingly allowed by China cooperation between Americans and Japanese in China might be of advantage to China.

Straight did not ask Department to make representations to China in regard to Japanese cooperation but the impossibility of Department's doing so was pointed out to him. In view of dilemma mentioned by you this Government should not be committed for or against cooperation in canal improvement. If cooperation in some other enterprise could be substituted the Department would be glad.

LANSING

File No. 893.811/239

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Peking, January 11, 1917, 6 p. m.

In spite of the views of the Department indicated in your telegram January 8, 5 p. m., Corporation has instructed its representatives here to secure as soon as possible Chinese approval of Japanese participation in canal projects.

REINSCH

File No. 893.811/239

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,

Washington, January 13, 1917, 2 p. m.

Your telegram of January 11, 6 p. m. Department considers canal cooperation inadvisable but the matter is one between bankers not between Governments of United States and Japan. Department desires that question be left entirely to China to decide and that Legation express no opinion for or against either officially or unofficially.

Corporation again today declares it does not desire to enter into any arrangement unless acceptable to China but believes proposed cooperation advantageous to China.

LANSING

File No. 893.811/243

Ambassador Guthrie to the Secretary of State

[Telegram]

AMERICAN EMBASSY,

Tokyo, January 18, 1917, 3 p. m.

Chinese Minister yesterday volunteered statement that China was cordially in favor of the President's moves towards peace and would be willing to join peace league after the war, that China trusted the United States absolutely and desired fullest present and future coop-

eration between the two Republics. He said that China earnestly desired that the United States should not rejoin the financial group and in this connection asked me whether I knew what the policy of the International Corporation would be toward it. In answer to my inquiry he said that joint participation in loans by Japanese and American financiers might be favorably considered because in that way China could have more assurance that political advantages would not be sought through them. He said that he had reason to believe that Terauchi sincerely intends a consistent policy of friendliness rather than forcefulness and seeks friendly economic relations rather than political advantages.

GUTHRIE

File No. 893.811/241

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, January 18, 1917, 7 p. m.

With reference to my telegram of January 11, 6 p. m. Representatives of International Corporation found Chinese authorities unwilling to entertain proposal but they hope that Chinese authorities will agree to the issue of part of the bonds at Tokyo. The American corporation could do the negotiations alone, retaining the entire management. Carey has informed Japanese Legation who say they will report favorably to Tokyo.

REINSCH

File No. 893.811/243

The Secretary of State to Ambassador Guthrie

[Telegram]

DEPARTMENT OF STATE,
Washington, January 22, 1917, 4 p. m.

Your telegram of January 18, 3 p. m. For your information. Japanese Government is pressing the American International Corporation for an interest in the contract for the improvement of the Grand Canal in China. China unwilling but Corporation hopes may consent to issue of part of bonds at Tokyo with Americans retaining entire management.

LANSING

File No. 893.811/245

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, February 2, 1917, 5 p. m.

Japanese newspapers publish a report from New York that the International Corporation proposed to Japanese capitalists to make canal work a joint enterprise and that the Americans have no objection to the Japanese desire to represent the company but that China objects to this. Please inform Straight of this misleading disclosure.

Initial comment in Chinese papers is extremely unfavorable as they conceive that Americans are guilty of breach of trust and that the object of Japan is to neutralize Chinese distrust by exploiting confidence enjoyed by Americans in China and to fetter freedom of American enterprise.

The situation is serious and extremely embarrassing to the Legation. It is essential that Corporation should immediately publish true facts as to the source of the original suggestion because the Chinese officials concerned will be questioned on this point.

REINSCH

File No. 893.811/246

The American International Corporation to its Representative at Peking

[Telegram—Paraphrase]

NEW YORK, February, 5, 1917.

Give out the following statement:

For over a year past, influential Japanese have suggested that the American International Corporation cooperate in China with Japanese financiers. Cooperation in the loan for canal improvement has been suggested, but the American International Corporation has taken the position that, having concluded with the Chinese authorities contracts for the improvement of the Grand Canal in the Provinces of Kiangsu and Shantung, it could not enter into any arrangement with Japanese financiers regarding these enterprises, unless assured that the Chinese Government would approve such cooperation. The American International Corporation has, however, suggested to the Chinese authorities that a single contract be concluded covering both sections of the canal, and that Japanese financiers be granted a participation. The question of cooperation is a matter for the Chinese Government to decide.

File No. 893.811/246

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, February 9, 1917, 5 p. m.

Your February 2, 5 p. m. See International Corporation's telegram of February 5 to their Peking representative.

LANSING

File No. 893.811/250

Minister Reinsch to the Secretary of State

No. 1386

AMERICAN LEGATION,
Peking, February 13, 1917.

Sir: I have the honor to enclose several articles from various papers* (such as the *Peking Daily News*, the *Gazette*, and the *Peking and Tientsin Times*) which will show the unfortunate effect produced by the ill-considered action of the International Corporation with respect to the Grand Canal contract.

*Not printed

The Peking correspondent to the *North China Daily News*, the leading British paper in China, states that "the Chinese would consider American cooperation with the Japanese in Shantung Province as a particularly cruel betrayal of faith." In summarizing the attitude of the Chinese press, he states that in the Chinese editorials Americans are given their choice between charges of bad faith and unprecedented weakness.

Various American representatives here at present negotiating with Chinese officials have reported to me the injurious effect which the action of the New York corporation has had upon the standing of American business men in China.

I have [etc.]

PAUL S. REINSCH

File No. 893.811/254

The American International Corporation to the Secretary of State

NEW YORK, April 5, 1917.

SIR: We have the honor to acknowledge receipt of the Department's letter of the 2d of April,⁴ giving for our confidential information a paraphrase of a cable message received from the American Minister at Peking.

We regret to note that the Chinese authorities have apparently been misinformed and that they, as well as the American Minister at Peking, should have been unduly disturbed by an erroneous interpretation of an arrangement made between the American International Corporation and the Industrial Bank of Japan.

We have the honor to transmit herewith for the Department's confidential information copy of the agreement entered into between the American International Corporation and the Industrial Bank of Japan, together with the texts of cables exchanged with our Peking representative with regard to this entire matter.⁴

We have the honor to call the Department's attention to the fact, clearly shown in the accompanying documents, that the American International Corporation has from the outset taken the position that our contracts for the improvement of the Grand Canal were made with the Chinese authorities and that we could not, without their specific approval, make any arrangement for cooperation with other interests or admit other interests to participation in the contemplated loan.

As the Department will appreciate, the arrangement between the American International Corporation and the Industrial Bank of Japan provides the basis for negotiations to be undertaken either by the American International Corporation with a view to ultimate association with the Industrial Bank of Japan, or jointly by the American International Corporation and the Industrial Bank of Japan. The provisions of this arrangement do not concern the Government of China except in so far as they are referred to in the contract it is proposed to negotiate with the Chinese Government.

We also have the honor to call the Department's attention to the fact that our agreement with the Industrial Bank of Japan provides that the American International Corporation shall take all steps possible to recommend and secure the appointment of a Japanese assistant engineer and assistant auditor who will respectively rank

⁴Not printed.

second to the American chief engineer and the American chief auditor, only if and when the action shall be agreeable to the Chinese Government.

Furthermore, the agreement provides that

wheresoever in the judgment of the Siems-Carey Railway & Canal Company the interests of the Chinese Government may best be served and the progress of the work be facilitated, subcontracts shall be awarded to Japanese subcontractors to be recommended by the Industrial Bank of Japan.

We should be obliged to the Department if it would bring these matters to the attention of the American Minister at Peking, in order to remove, if possible, his present apparent misapprehension regarding this situation.

We have [etc.]

CHARLES A. STONE,
President

[Inclosure]

Agreement between the American International Corporation and the Industrial Bank of Japan for cooperation, with the approval of the Chinese Government, in undertaking the improvement of the sections of the Grand Canal in the Provinces of Shantung and Kiangsu in the Republic of China.

Whereas, the American International Corporation, through its representatives in China, on April 10, 1916, concluded with the Government of the Province of Shantung a contract for the issue of \$3,000,000 seven per cent (7%) bonds, the proceeds from the sale of which were to be utilized for the improvement of the section of the Grand Canal in the Province of Shantung, and

Whereas, the American International Corporation, through its representatives in China, on May 13, 1916, concluded with the Central Government of China a contract for the issue of \$3,000,000 seven per cent (7%) bonds, the proceeds from the sale of which were to be utilized for the improvement of the section of the Grand Canal in the Province of Kiangsu, and

Whereas, it is now proposed that, if the Chinese Government in principal approves such cooperation, the American International Corporation and the Industrial Bank of Japan shall associate themselves together, as hereinafter provided, in the carrying out of this work of Canal improvement, and through the negotiation of a single contract providing for the improvement of the sections of the Grand Canal in the Provinces of Shantung and Kiangsu, and the issuing of bonds to furnish the funds for such improvement to cover the projects and contracts above described and to supersede such contracts,

It is now agreed, by and between the parties hereto, as follows:

Art. I. The American International Corporation will jointly with the Industrial Bank of Japan negotiate with the Chinese Government for a single contract providing for the improvement of the sections of the Grand Canal in the Provinces of Shantung and Kiangsu, or if the Chinese Government prefers, the American International Corporation will alone conduct negotiations for the contract contemplated, stipulating in such contract that financial interests other than the American International Corporation may, with the consent of the Chinese Government be admitted to a participation in the issue of bonds thereunder, it being understood that the Industrial Bank of Japan shall, with the approval of the Chinese Government, be so admitted, in which case the American International Corporation through its representatives will keep the Industrial Bank of Japan advised as to the terms of the contract under discussion.

Art. II. The American International Corporation, jointly with the Industrial Bank of Japan or alone as the case may be, shall propose to the Chinese Government as a basis for negotiations, a contract which shall follow the general lines of the contract for the improvement of the Kiangsu section of the Grand Canal, and the American International Corporation and the Industrial Bank of Japan agree, as between themselves, that the draft contract (copy of such suggested draft being appended hereto), set forth the general principles upon which they are willing jointly to undertake to issue the bonds contemplated thereunder, it being understood by and between the American International Corporation and the Industrial Bank of Japan that:

A. Of the total contemplated issue of U. S. gold dollars \$6,000,000 (or approximately gold yen 12,000,000), the American International Corporation shall purchase and arrange for the issue of U. S. gold dollars \$3,500,000 and the Industrial Bank of Japan shall purchase and arrange for the issue of U. S. gold dollars \$2,500,000 (or approximately gold yen 5,000,000).

B. Bonds are to be issued simultaneously in Tokyo and New York, the American International Corporation and the Industrial Bank of Japan to agree as to the issue price of the bonds in their respective markets.

C. The American International Corporation and the Industrial Bank of Japan are to issue, or to arrange for the issue of, bonds of the Chinese Government in their own markets, without responsibility to each other.

D. All profits to be derived from, and all expenses incurred in connection with the issue of bonds in New York and Tokyo respectively, are to be received and paid by the American International Corporation and/or its associates, and the Industrial Bank of Japan and/or its associates, independently and without responsibility to each other.

E. The American International Corporation (or its associates through whom the issue on the New York market may be made) is to endeavor to arrange that the entire issue of U. S. Gold dollars \$6,000,000 (or approximately gold yen 12,000,000) shall be listed on the New York Stock Exchange, and the Industrial Bank of Japan, and/or its associates, to endeavor to arrange that the entire issue of U. S. gold dollars \$6,000,000 (or approximately gold yen 12,000,000) shall be listed on the Tokyo Stock Exchange.

F. The bonds are to be engraved or printed to meet the requirements of the New York and Tokyo Stock Exchanges.

G. The American International Corporation is to endeavor to arrange that the Chinese Government shall for this transaction make a fixed rate of exchange as between U. S. gold dollars and gold yen on the basis of two gold yen to one United States Gold Dollar. The Industrial Bank of Japan shall join in such endeavor if the contract is negotiated jointly.

H. Loan proceeds are to be deposited in New York and Tokyo in proportion to the amounts issued in the United States and Japan respectively, and are to be transferred to China in proportionate amounts to meet expenditures for improvement work. Funds so transferred to China are to be held in China by the International Banking Corporation and a Japanese bank to be designated, until such funds are withdrawn for the purpose contemplated and in the manner provided by the contract.

I. Principal and interest of the bonds are to be payable at the offices of the National City Bank in New York or of the Industrial Bank of Japan in Tokyo, in dollars and yen respectively.

Art. III. (a) The American International Corporation and the Industrial Bank of Japan agree, as between themselves, that the loan shall be for a par value of U. S. gold dollars \$6,000,000 (or approximately gold yen 12,000,000).

(b) An American chief engineer shall have charge of the improvement work and an American chief auditor shall have charge of all receipts and disbursements contemplated thereunder.

(c) The Siems-Carey Railway & Canal Company shall be designated as contractors to undertake the improvement work, and shall have entire charge of the personnel of the contracting and construction staffs.

Art. IV. By virtue of its issue of bonds under the loan agreement to be concluded, whether such loan agreement be negotiated jointly by the American International Corporation and the Industrial Bank of Japan or by the American International Corporation alone, participation thereunder of the Industrial Bank of Japan being subsequently arranged, the American International Corporation will cooperate with the Industrial Bank of Japan in all matters arising under the contract.

In order that Japanese industry may have an opportunity to profit in proportion to the amount of capital subscribed by Japanese investors in the bonds to be issued for the improvement of the Grand Canal, Japanese material shall at equal price, quality and delivery be given equal preference with American materials and wheresoever in the judgment of the Siems-Carey Railway & Canal Company the interests of the Chinese Government may best be served and the progress of the work be facilitated, subcontracts shall be awarded to Japanese subcontractors to be recommended by the Industrial Bank of Japan.

If and when the action shall be agreeable to the Chinese Government and the Industrial Bank of Japan requests that such action shall be taken, the American International Corporation agrees to take all necessary steps possible to recom-

mend and secure the appointment of a Japanese Assistant Engineer and a Japanese Assistant Auditor who will respectively rank second to the American Chief Engineer and the American Chief Auditor.

Art. V. The Industrial Bank of Japan agrees that the Siems-Carey Railway & Canal Company shall receive for their services as contractors for the Canal improvement, the ten per cent of the total cost of such canal improvement work provided for under the original agreements referred to in the preamble hereof.

Moreover, since the Industrial Bank of Japan is to share, with the American International Corporation, those financial obligations imposed by the canal contracts, it is hereby agreed that the Industrial Bank of Japan shall participate in the benefits derived from the construction profits of the contracts, and that to carry out this participation the Industrial Bank of Japan shall receive a sum equal to five-twelfths of the total amount of the canal construction profit dividends declared and payable to the Corporation by the construction company, such amounts to be paid when and as the canal construction profits are distributed, and such payments to constitute the sole participation due or to be claimed by the Industrial Bank of Japan in such benefits.

It is further understood and agreed by and between the parties hereto that this contract does not give and shall not be construed to give to the Industrial Bank of Japan, any right, title or interest whatsoever in stock of the Siems-Carey Railway & Canal Company, which is now owned or which may be hereafter acquired by the American International Corporation, and that this contract does not give and shall not be construed to give to the Industrial Bank of Japan, any rights or interests whatsoever or any voice in the control, management, or disposition of such stock so owned or acquired, or in the affairs of the Company itself.

Art. VI. When, subsequent to the conclusion of the contract between the American International Corporation and the Chinese Government for the improvement of the Grand Canal hereinabove referred to, the American International Corporation shall arrange with the Industrial Bank of Japan for the issue in Tokyo of a portion of the bonds contemplated for the improvement of the Grand Canal, the Industrial Bank of Japan shall reimburse the American International Corporation in the proportion of 7 to 5 for all expenses incurred by the American International Corporation in conducting the negotiations for the two contracts referred to in the preamble of this agreement, in the negotiations for the single contract for a loan for the improvement of the Grand Canal, in arranging for the participation of the Industrial Bank of Japan in the new contract now contemplated, and in perfecting all arrangements for the issue of the bonds, including the drafting, framing, printing, *et cetera*, of the bonds wherever and whenever such arrangements are of use to both the American International Corporation and the Industrial Bank of Japan.

In witness whereof, the undersigned, being duly authorized by the American International Corporation and the Industrial Bank of Japan respectively, hereunto affix our hands and seals, this eighth day of March 1917.

Witness:	AMERICAN INTERNATIONAL CORPORATION
JOSEPH S. LOVERING	CHARLES A. STONE <i>President</i>
Witness:	YEIJIRO ONO
WILLARD STRAIGHT	<i>Vice President of the Industrial Bank of Japan</i>

File No. 893.811/254

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, April 10, 1917, 5 p. m.

Paraphrase of your telegram of March 31, 11 p. m.,⁴ was sent to American International Corporation, which sends Department copy of agreement between the Corporation and the Industrial Bank of Japan and expresses regret that you and Chinese authorities are disturbed by erroneous interpretation of agreement. Corporation states that without specific approval of Chinese authorities it

⁴ Not printed.

cannot make any arrangement for cooperation with others or admit other interests to participation in canal project and has from outset taken and held this position.

The Department has never recognized that Germany or Japan has special rights in Shantung but fears that opposition by Japan might prevent flotation of the required loan.

LANSING

File No. 893.811/256

Minister Reinsch to Secretary of State

[Extract]

No. 1455

AMERICAN LEGATION,
Peking, April 14, 1917.

SIR: In continuation of my No. 1386 of February 13 relating to the Grand Canal contract, I have the honor to report that the first impression concerning the action of the International Corporation in this matter appears to have grown much stronger with both Chinese and foreigners in China in a most unfavorable sense.

The representatives of the International Corporation sounded Mr. Pan Fu who is in charge of conservancy matters; this was done on the basis of merely having a portion of the bonds placed in Tokyo. Although the Chinese officials severely disapproved of the action of the Corporation they were forced by circumstances to swallow their disgust and to assume an attitude of acceptance of the inevitable. Mr. Pan Fu suggested that the improvement of the canal in the Province of Chihli should be united with the Shantung plan.

In conversations with the officials concerned I had made it plain that it was our desire that they should act with perfect freedom from the point of view of their own best interests, in considering the proposals of the Corporation. The Premier, however, stated to me "what can we do, the Corporation has tied our hands." * * *

The Japanese Legation is already showing signs of impatience and dissatisfaction with the slowness of the Chinese.

I believe to be acting in accordance with your desire in entirely dissociating this Legation from any pressure which may be sought to bring to bear upon the Chinese in this matter. But I apprehend that the policy upon which the American International Corporation has entered cannot in the long run be carried through without some browbeating of the Chinese; for good offices of this nature the Corporation will have to rely on others.

I have [etc.]

PAUL S. REINSCH

File No. 893.811/280

Minister Reinsch to the Secretary of State

[Extract]

No. 1458

AMERICAN LEGATION,
Peking, April 19, 1917.

SIR: In connection with my despatch No. 1455 of April 14, dealing with the Grand Canal contract, I have the honor to add, in order

to avoid misunderstanding, that when my opinion was asked by Chinese officials concerning the advisability of accepting the suggestion of the American International Corporation with respect to giving to Japanese capitalists a share in the financing of the canal enterprise, I have replied in a sense favorable to the suggestion. * * * Unfortunately the further proposal now revealed that there is to be participation not only in the financing, but also in construction and management, will make our position far more difficult.

I have [etc.]

PAUL S. REINSCH

File No. 893.811/261

Minister Reinsch to the Secretary of State

No. 1492

AMERICAN LEGATION,
Peking, May 11, 1917.

SIR: I have the honor to forward herewith a translation of a despatch from the National Conservancy Bureau to the Governor of Anhui in connection with the Huai River conservancy work.

It will be seen from this despatch that the Anhui Provincial Assembly had passed three resolutions to the effect that the Provinces of Kiangsu and Anhui should separately carry out the conservancy work, that no foreign loans should be contracted, and that the Kiangsu officials should not have the right of making surveys in Anhui. The Minister of Agriculture and Commerce, in his reply, argues for the necessity of cooperation and relates the difficulties which have been encountered in securing foreign financial support.

The despatch is forwarded for your information and for future reference in connection with the Huai River work.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Translation]

[From the *Peking Gazette*, Saturday, March 10, 1917]

Despatch from the National Conservancy Bureau to the Governor of Anhui in reply to the latter's request for hastening the progress of the conservancy work of the Huai River

The despatch from your excellency including a bill passed by the Provincial Assembly of your province on the conservancy of the Huai River has duly received the attention of this bureau. The conservancy of the Huai River was first proposed by the Chih Yi Chu or the Provincial Assembly of Kiangsu during the late dynasty. In deference to the wishes of the said assembly a conservancy department was accordingly established and surveying was carried out in the third year of the reign of Hsuan Tung of the late dynasty. Owing to the political upheaval of the time, the work was interrupted until the third year of the Republic, when this bureau was inaugurated. The late Minister of Agriculture and Commerce Chang personally conducted a surveying expedition of the Huai River with "Feng Wei Ying" and "Pei Lung Meng," two Dutch engineers, who directed the surveying affairs. As a result of the expedition, foundation was laid for the beginning of the work. Seeing the results thus far achieved, the late Minister of Agriculture and Commerce ordered the Conservancy Department to be reorganized under the new name of the Conservancy Bureau for the Huai and the Yangtse Rivers. After reorganization the new bureau has since been placed under the direct control of this bureau.

The question for raising a loan for the purpose of conservancy was then proposed; and under the auspices of the American Red Cross Society, a survey of the river was made. The results obtained by the American surveying party

regarding the speed of the current at different parts of the river were found corresponding exactly to what had formerly been tabulated by the Dutch engineers. The question of whether the Huai River should empty its water into the Yangtse or into the sea finally arose, and according to the suggestion of the American engineers, a careful survey of the plain in the districts north of the Huai River should first be undertaken in order to find out the direction the course of the river should be conducted. With a view to relieve the poor by enlisting labor in that district, the bureau proposed that the progress of the work should no longer be delayed.

The question of raising funds for the project finally became necessary for this bureau to find a way out. After mature consideration of the question it was decided that as the Huai River traverses the territory of two provinces, the expenditure incurred in the surveying should be raised locally by the said two provinces.

Surveying, according to the suggestion of the American engineers, should begin at the important points of the Huai River with no regard whether the territory is under the jurisdiction of Kiangsu or Anhui. In such a work, there should be no prejudice or partiality to a particular province.

According to the proposed plan the conservancy work has been divided into two stages: that of surveying and that of engineering. The surveying is again subdivided into three stages: namely the preliminary surveying, the practical surveying and the precise surveying. If the work was not suspended for lack of funds, the surveying in the districts north of the Huai River would have already been completed by now and the final consummation of the project would have already been under preparation.

A Ministerial Order fixes the amount of money each province should contribute toward the work. Owing to the delay and failure to raise the portion of funds allotted to your province, a considerable sum was in arrear. The financial condition of this bureau has long been suffering from embarrassment. In view of our responsibility, we used our best efforts to advance money to the said branch bureau to the amount of \$28,000. With this aid the said bureau up to the winter of last year succeeded in completing about 60 or 70 per cent of its work in surveying. But owing to lack of funds, we could proceed no further. With regret we had to suspend the work that was on the point of completion. Notwithstanding this, we have spared no efforts in devising means for continuing the work. A petition was submitted to the Ministry of Finance on this question and in reply the latter confirmed our request that the funds for the conservancy of the Huai River shall hereafter be considered as national expenditure and the item shall be included in the yearly budget of the Government. This shows that the Government is fully aware of the fact that conservancy concerns not only the economical salvation of the inhabitants of the Huai districts, but is also a national question.

We are entertaining the hope that hereafter both Anhui and Kiangsu would cooperate with each other in supplying funds to the bureau for the prosecution of the work to a successful end so as to relieve the poverty of the inhabitants in the famine-stricken districts and to achieve a work which will be regarded with pride for many generations to come. But contrary to our expectations, the Provincial Assembly of Anhui, according to the despatch of your excellency to this bureau, has just passed a bill regarding the future procedure of the conservancy of the Huai River. In the said bill the following three resolutions are set forth:

- (1) That the conservancy work should be carried out in Kiangsu and Anhui separately without mutual cooperation.

- (2) That no foreign loans should be contracted for the funds of the work.

- (3) The power of surveying should not be vested in the hands of the Kiangsu provincials in order to prevent any possible corrupt practice.

After reading over the despatch and giving due consideration to the three resolutions reached by the Provincial Assembly of your province, this bureau has to say that the bill in question must have been passed by the Provincial Assembly of your province, when the members did not clearly understand the nature of the work. We beg to point out that the conservancy of the Huai River is such a great task that it requires huge sums of money and considerable length of time. Realizing the magnitude of the work the Government from the first set to it with energy sparing neither effort nor money, yet this is all that has been accomplished. As to the regions along the Huai River they have been constantly devastated by the overflowing of the river, the people are on the brink of starvation. It should

be plain to every one that the present economical condition of the people in the districts along the Huai Valley are such that it is impossible for them to contribute any funds to the province for the purpose of conservancy.

Moreover, as to the question of whether the Huai River should empty its water into the Yangtse or the sea, its lower course in either case will traverse the territory of the Kiangsu province. If there is no cooperation between Kiangsu and Anhui, how can we expect to carry out the campaign successfully? The result of this work will certainly be beneficial to both provinces alike, but the degree of benefit varies in the upper and lower valley of the river. The question for the Government to decide is whether the Huai River shall empty its water into the Yangtse or into the sea.

After careful perusal of the despatch addressed to us by your excellency, a suggestion is made that pending the decision of the question respecting the direction where the Huai River should empty its water, the conservancy of a section of the river in Anhui will certainly present many difficulties and that what the Government ought to do at the present moment is to finish the surveying first and then refer the question to both Kiangsu and Anhui. Your suggestion is indeed admirable, but it must be remembered that such a plan cannot be carried out successfully without the cooperation of the two provinces concerned. There should be no suspicion or doubt regarding the supposed differences of benefit between Kiangsu and Anhui.

As to the question of a foreign loan for the purpose, a loan agreement was signed in the third year of the Republic. Owing to the failure of the American capitalists to institute a thorough investigation into the enterprise, they refused to advance money to the Government. At the present moment, the war in Europe has made the financial market of the world tighter than usual. After having attempted a number of times to negotiate a loan, the Government finally failed to secure any financial support from foreign sources for the prosecution of this undertaking. The present financial situation of the Government should be plain to you. There are reasons for your excellency to have doubt or fear as to the Government's ability to conclude a foreign loan to carry out the work because it is not easy for the Government to do it at the present moment, even if it had the mind to do so. What this bureau expects is that the Provincial Assembly of your province may devise a proper method for the raising of the funds necessary for the conservancy in your own province and at the same time notify the Kiangsu authorities of the desire of your province for the prompt prosecution of the campaign. As the matter concerns the economical salvation of the people, it should admit of no delay or hesitation. Being directly responsible for the affair, this bureau likes to cooperate with the authorities of these two provinces in carrying out the undertaking to a successful end at the earliest possible moment. In reply to your despatch, we beg to bring this to your notice.

KUO CHUNG-HSIU,
*Minister of Agriculture and Commerce and
Specially Appointed Chief of the National Conservancy Bureau*

File No. 893.811/260

The Secretary of State to Minister Reinsch

No. 633

DEPARTMENT OF STATE,
Washington, June 12, 1917.

SIR: The Department acknowledges the receipt of your despatch No. 1458 of April 19, 1917, relative to the proposed cooperation between the American International Corporation and Japanese capitalists in the improvement of the Grand Canal in Shantung.

Your action in regard to this matter, as reported in the despatch under acknowledgment, is approved.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 893.811/262

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, June 26, 1917, 3 p. m.

The question has arisen whether or not final signature, by authority of the President and Cabinet, of the Grand Canal agreement on the basis of preliminary contract of April, 1916, but with important changes, would be considered valid in the absence of parliamentary ratification. Japanese Minister holds that requirement of parliamentary ratification is a domestic matter which will not affect the valid foreign contracts signed by proper Cabinet Ministers. I am inclined to doubt this but in view of the time when the contract originated I query whether a formal declaration by the President and Cabinet to the effect that parliamentary ratification is not in this case necessary could be accepted; this in case a long interval without a Parliament should appear likely. Your instructions are requested.

REINSCH

File No. 893.811/262

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, July 3, 1917, 6 p. m.

Department cannot undertake responsibility of passing on constitutional question raised your June 26, 3 p. m. Interested American citizens should consult private legal counsel.

LANSING

File No. 893.811/265

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, August 22, 1917, 11 p. m.

Pan Fu, who negotiated Canal agreement, has resigned and will leave office in a few days. Unless the agreement is at once concluded Legation and Carey fear long negotiations with the new director may become necessary. Immediate decision of this protracted affair is desirable. Please inform International Corporation.

REINSCH

File No. 893.811/265

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, August 25, 1917, 5 p. m.

Your August 22, 11 p. m. Dearing and two other officers of the American International Corporation have called at the Department

and stated it to be the earnest desire of the Corporation to work in harmony with the policy of this Government and will instruct representative to sign if such action not in conflict with such policy. The Department and Corporation, however, both desire to know whether Chinese are acting freely in thus authorizing cooperation of Japanese with Americans in this enterprise and whether your opinion as to that provision of the contract has changed. How long will Pan Fu remain in office? Approval by Parliament being required, what prospect is there of assembling of a new Parliament?

LANSING

File No. 893.811/267

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, August 30, 1917, 6 p. m.

Your August 25, 5 p. m. The initiative taken by the [Corporation?] in admitting Japanese cooperation under existing conditions has left no choice to the Chinese who now reconciled to Japanese financial participation and thoroughly believe that bad effects inevitable should negotiations fail, as in that case the Japanese would undoubtedly demand take over entire enterprise which would be very damaging to American interests, particularly International Corporation.

It seems advisable immediately to conclude the agreement subject to parliamentary ratification and to advance about 100,000 dollars for preliminary work.

Pan out of office but willing to help.

REINSCH

File No. 893.811/267

The Secretary of State to the American International Corporation

DEPARTMENT OF STATE,
Washington, August 30, 1917.

SIR: The Department encloses herewith for your information paraphrase of a telegram which was sent on August 25, 1917, to the American Minister at Peking in regard to the conclusion of a contract between the Chinese Government and your Corporation for the improvement of a portion of the Grand Canal, and a paraphrase of the Minister's reply of August 30, 1917, relative thereto.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

File No. 893.811/269

The American International Corporation to the Secretary of State

NEW YORK, September 10, 1917.

SIR: In the paraphrase, which the Department was good enough to send the American International Corporation, of a message from the American Minister at Peking, dated August 30, 1917, concerning the contract negotiated between the Chinese Government and the

American International Corporation for the improvement of the Grand Canal in China, the Minister states it is advisable immediately to sign the contract, pointing out that otherwise American interests will be seriously damaged. By other statements in his message the Minister permits the inference that the Chinese would view with regret the Corporation's withdrawal from this enterprise, and he asserts that the Japanese would take it over entirely in such an event.

The Corporation desires that the Department should be fully informed as to all of its actions in connection with the Canal contract and wishes to conform with the policy of the United States Government as expressed by the Department. In spite of the fact, therefore, that under present conditions the intrinsic attraction of the enterprise is not great, the Corporation is prepared to conclude the contract, assuming that its action will be in complete accord with the policy of the American Government and of the Department of State.

The Department has been informed with regard to Japanese cooperation under the contract, and that such cooperation was conditioned upon the absolute requirement of prior consent thereto by the Chinese Government. The Corporation's representatives in China have reported that this consent has been given, and Doctor Reinsch's message substantiates their report. They also concur in Doctor Reinsch's recommendation that the contract be executed because of its effect on American interests and prestige in the Far East.

In the belief, therefore, that its proposed action in signing and executing the Grand Canal contract with the Chinese Government is in full accord with the policy of the American Government and the Department of State, I have the honor to request on behalf of the American International Corporation that you will send the attached telegrams providing for the signing of the Canal contract to the American Legation at Peking for transmission to their respective destinations.

I have [etc.]

CHARLES A. STONE

[Inclosure 1—Telegram]

The American International Corporation to Minister Reinsch

NEW YORK, September 10, 1917.

Please furnish Carey copy following which you are requested formally to deliver directly to Director National Conservancy Bureau:

The American International Corporation has the honor to advise your excellency that it is today telegraphing Mr. W. F. Carey authorizing him on behalf of the American International Corporation and subject to parliamentary approval, to sign, but without any change whatsoever, the contract which has been negotiated and agreed to between the Republic of China and the American International Corporation for the improvement of the Grand Canal in China and which the parties have mutually marked for identification as D-16-517.

In view of the urgent desire of the Republic of China to provide by this contract for the improvement of the Grand Canal this telegraphic authority, which is hereby confirmed, has been given to avoid the inevitable delay incident to the transmission of formal written powers and this telegraphic power is to be understood as being full and complete and in lieu of such written powers.

CHARLES A. STONE,
President, American International Corporation

[Inclosure 2—Telegram]

The American International Corporation to Mr. Carey

NEW YORK, September 10, 1917.

Your 53 and 58. Obtain letter from Ministry of Finance stating entire amount annually required from stamp duty for domestic loan is 500,000 Mexican dollars, and that our Canal loan constitutes first lien on all stamp duties in excess of such sum. You are hereby empowered then to execute simultaneously with Chinese Government Canal contract, subject approval by legally constituted Parliament. Execution and consent to Japanese participation must be formally certified to American Legation by Chinese Government. Inform Japanese we are convinced parliamentary sanction essential validity contract. When contract concluded, execute for American International Corporation Ono endorsement.

STONE

File No. 893.811/269

*The Secretary of State to the American International Corporation*DEPARTMENT OF STATE,
Washington September 14, 1917.

SIR: Your letter of September 10, 1917, together with the enclosures in the form of cables which you desire transmitted was duly received, and the cables have been sent.

The expression of your wish to speak frankly with the Department has been noted with extreme pleasure. It is only through frank consultation and advice that the Department can feel assured that the aims and objects of American capital in foreign fields are entirely within the purview of the policy of the Government. The expansion of American commercial and industrial relations and the investment abroad of American capital are deemed very desirable and the Department is anxious to be of assistance to American citizens in the prosecution of their contracts, and in the protection of their interests, provided that their undertakings have no political object and involve no entanglement in the affairs of the country where investment is made. When the Department is assured, and an examination of the contracts and securities discloses that there is no such political entanglement or objective, then the Department is disposed and anxious to expedite all *bona fide* American undertakings and to protect the legitimate investments of American interests abroad. Of course, as a condition precedent, there must be no objection to the investment on the part of the Government in the jurisdiction of which it is proposed that it be made.

The very frank disclosures of the details of your present undertaking are appreciated. While the Department does not feel inclined to ask for such disclosures as you have made, yet it is always glad to receive them.

I am [etc.]

ROBERT LANSING

File No. 893.811/273

*The Secretary of State to the American International Corporation*DEPARTMENT OF STATE,
Washington, October 26, 1917.

SIR: I have to acknowledge the receipt of your telegram of October 24, 1917, requesting that the following telegram be sent to Mr. Carey through the American Legation at Peking:

Since canal contract not valid until approved by Parliament regret not possible make legal advances thereon prior such approval. Inform Ono. STONE

In reply I have to advise you that the above-quoted telegram was sent to the American Minister at Peking under date of October 25, 1917.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

File No. 893.811/274

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Peking, October 27, 1917, 11 p. m.

Your telegram of October 25, 5 p. m. Carey desires the International Corporation be informed that the situation apparently is not understood; the proposed advance is to be not a charge upon the proceeds of Canal contract which is subject to parliamentary approval but a separate loan repayable within a year and constituting an unconditional obligation of the Chinese Government whose guaranty therefor is amply satisfactory and whose power to make such a loan at the present time is taken for granted both by Chinese authorities and by banking representatives of other nationalities including International Banking Corporation which have recently concluded similar loan agreements.

Under present conditions when floods are directing special attention to the imperative need of such improvements as the Canal contract contemplates, it would be disastrous to the position of International Corporation here if it were to postpone, pending approval of Parliament, advancing funds which are urgently necessary for the latter and not only would American interests be discredited but the purposes of the contract although independently guaranteed would in all probability be ousted from the Canal project in favor of Japanese interests as the Sino-Japanese Industrial Corporation is offering immediate loan on the understanding that it will hereafter have a priority in connection with all conservancy work. Unless confronted with this new obstacle the Chinese Government is prepared to sign Canal contract Monday.

I beg to request that these considerations be brought to the attention of the American International Corporation with Carey's request for reconsideration of its refusal to authorize advances of the funds on preliminary work and a definite reply by October 31, pending which he is not communicating the present attitude.

REINSCH

File No. 893.811/275

AMERICAN LEGATION,

Peking, October 30, 1917, 4 p. m.

My telegram of October 27, 11 p. m. It is indispensable that International Corporation take into consideration the American public interest in the matter of the Grand Canal improvement resulting from the long connection of the American Red Cross and the United

States Government with the project. At the present time emergency exists which makes immediate work on the project absolutely necessary in order to avert further calamity, as well as good business because swarms of laborers rendered destitute by the floods are available. It is the only method by which prevention and relief can be combined. Government and public are demanding action, relying on the American contract: American failure at this time would have the most disastrous consequences.

As to necessary work, immediate advance of 100,000 dollars would carry preparatory engineering work; when plan completed, further advance or bond issue of million dollars would sustain the enterprise until action of Parliament and would make possible completion of a portion independently useful.

Parliamentary consent is not requisite to the legal validity of a loan since the Government as at present constituted is internationally recognized as able to contract obligations. See instances reported in above telegram. Recommendation in my telegram of August 30, 6 p. m., was based on political undesirability of America at that time leading off with a loan made without Parliament. These conditions no longer apply as other international action has supervened. The safety of any advances made on the same securities or even the main loan under the canal contract made with the present Government cannot be questioned. Endeavor to secure [emergency?] commands to go ahead and I beg to request the Department to encourage the Corporation to do so in their own and public interest.

Carey reiterates recommendation to the International Corporation to make immediate advance of 100,000 dollars and adds to prepare for issue of million when construction plans prepared.

REINSCH

File No. 893.811/276

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,

Washington, November 2, 1917, 5 p. m.

For your and Carey's information:

Canal having Corporation's most serious consideration. Decisions will be communicated soon as possible. Have called in conservancy engineers familiar with situation who are now studying matter. STONE

LANSING

File No. 893.811/280

Minister Reinsch to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Peking, November 21, 1917, 1 p. m.

Carey requests the following in substance be communicated to Stone, President, International Corporation. Your cable November 8, has been transmitted to Government. Canal contract signed subject conditions named therein. However Chinese Government requests

not send engineers until after my arrival New York. Morgan advised as to the above telegram and his indorsement secured to contract. CAREY.

REINSCH

File No. 893.811/279

Minister Reinsch to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Peking, November 21, 1917, 6 p. m.

Grand Canal contract signed yesterday subject to consent of Parliament.

REINSCH

File No. 893.811/281

Minister Reinsch to the Secretary of State

No. 1759

AMERICAN LEGATION,

Peking, November 28, 1917.

SIR: Referring to previous correspondence on the subject of the improvement of the Grand Canal, I have the honor to enclose herewith a copy of "The Chinese Government Grand Canal Improvement Seven per cent (7%) Gold Loan of 1917," being a contract between the Republic of China and the American International Corporation, dated November 20, 1917, and signed on behalf of the Government by its Director General of Flood Relief and Conservancy, Mr. Hsiung Hsi-ling, and on behalf of the corporation by its duly authorized representative, Mr. W. F. Carey.

There is likewise enclosed herewith a copy of the endorsement of this contract signed by Mr. Carey for the American International Corporation, and Mr. Ono for the Industrial Bank of Japan.

I have [etc.]

PAUL S. REINSCH

[Inclosure]

THE CHINESE GOVERNMENT GRAND CANAL IMPROVEMENT SEVEN PER CENT (7%)
GOLD LOAN OF 1917

The Chinese Government, for the improvement of the Grand Canal in Shantung and Chihli provinces, to make a public loan for said purpose, and to provide for financing further improvement if necessary, finds the following necessary to be enacted by the Parliament of the Republic of China and to be sanctioned by the President of the Republic of China before this agreement becomes effective:

Whereas, the Chinese Government considers the Grand Canal work in Shantung and Chihli provinces as a part of national conservancy work, to wit, the improvement of that part of the Canal commencing at Pang Chia Kou and Lan Huang Pa in the north and ending at Wei Shan Hu and Tai Erh Chuang in the south, such extensions as may be required, work in connection with the valleys of the Yen and Ssu Rivers, the Po River and marshes and other tributaries of the main Canal, and the improvement of the lands thus reclaimed; and on the date that this agreement becomes effective the agreement executed between the Province of Shantung and the American International Corporation dated April 19, 1916,⁴⁵ is to be canceled.

⁴⁵For. Rel. 1916, p. 115.

And whereas, an extension of the work is now provided for which shall extend the North section of the Grand Canal from Tao-chen-pu on the Yellow River to Tientsin via Linching and Tehchow, and improve such extensions and tributaries of the main Canal as may be required.

Therefore, the Directorate General of Flood Relief and Conservancy is hereby authorized and empowered to enter into the following agreement with the American International Corporation and all officers mentioned therein are authorized and empowered to perform the several acts therein stipulated to be done by them.

ARTICLE I

1. For the exclusive purpose of financing the improvement work in Shantung and Chihli provinces above mentioned, the Government authorizes the Corporation as its agent to issue a gold loan of 6,000,000 dollars United States Gold Currency (G\$6,000,000) on the terms and conditions hereinafter set forth. This loan shall be called the Chinese Government Grand Canal improvement seven per cent (7%) Gold Loan of 1917.

2. This loan and all advances made hereunder shall constitute a direct liability and obligation of the Government, which hereby pledges its good faith and credit for the punctual payment of the principal and interest of the loan and for performance of all undertakings on its part herein assumed.

3. The denomination, wording, design and designation of the currencies of the bonds shall be determined by the Corporation, and all expenses incurred in connection therewith shall be borne by the Corporation, but the cost of engraving and printing the bonds shall be borne by the Government, which shall furnish a facsimile of the signature of the Minister of Finance and the seal of the Ministry of Finance to be engraved on the bond. The Chinese Minister in Washington shall, previous to the issue of the bonds, also furnish a facsimile of his signature and official seal to be engraved on the bonds to signify that said bonds are the binding obligation of the Government.

4. The aggregate amount of the first issue of the bonds shall be for Six Million Dollars United States Gold Currency (G\$6,000,000), at ninety per cent (90%), and shall be made *en bloc* or in series. Nothing herein contained shall prevent the Corporation purchasing all or any part of said bonds itself. Should the funds of this loan not be sufficient for the work the American International Corporation will be applied to for a further issue of bonds on terms to be agreed upon. The time of issue and amount of any and all bond issues hereunder, and provisions for advances and temporary financing, shall be determined by the Corporation in consultation with the Government.

5. All expenses in connection with said Six Million Dollars (G\$6,000,000) bonds taken by the Corporation hereunder, or for such portion of future issues as may be taken by the Corporation such as bankers' commissions, flotation charges, shall be borne by the Corporation.

6. Immediately upon this loan agreement becoming effective, the Corporation will set aside an advancement to the Government to provide for the preliminary expense of the work pending the bond issue herein referred to.

7. The Corporation in consultation with the duly authorized representative of the Government shall decide what is the most favorable moment for the issue of bonds and the duly authorized representative of the Government will give the necessary instructions to the Chinese Minister in Washington. If at such time so determined the issue of such bonds on the terms named herein or agreed upon would be impossible, then in such case the Government and the Corporation shall agree upon a mutually satisfactory plan of temporary financing under an agreement to be negotiated at the time.

If, however, subsequent to any agreement having been reached for the Corporation to issue bonds hereunder and before the publication of the prospectus for such issue or for any series thereof, any political or financial crisis should arise affecting the money markets or the price of Chinese Government securities so as to render impossible in the opinion of the Corporation the successful issue of the bonds at the time agreed upon, then the Corporation upon consultation with the Government respecting the period of time shall be granted a reasonable extension for the performance of its contract. If, within the time limit to be arranged, the issue of Chinese bonds on the conditions hereinbefore stated should be impossible as aforesaid, then the Government and the Corporation shall agree on a mutually satisfactory plan for temporary financing to provide, as far as possible, for the uninterrupted continuance of construction.

8. Under extraordinary circumstances, should the bond issue or temporary financing or advancing be impracticable and/or in case the Corporation has made previous advances and/or bond issues and then is unable to make further advances, after one (1) year this loan may be declared concluded and the Government will repay the advance, if any, and/or bond issues, if any, together with the legitimate interest within three (3) months, after which the contract shall become null and void.

9. All details of the prospectus for the present issue and any other issues, and of loan service, not provided for specifically herein shall be arranged by the Corporation in consultation with the Chinese Minister at Washington.

ARTICLE II

1. The rate of interest for the present issue shall be seven per cent (7%) per annum computed from the dates of the bonds, which dates shall be the dates of issue. It shall be paid semiannually in the manner hereinafter provided. Unused funds on fixed deposit in China with the International Banking Corporation shall bear interest at current rates, and the unused balance deposited in America shall bear interest at the rate of two per cent (2%) per annum.

2. After the appointment of a director general for this work the Corporation will place said advancement, and after issue or issues of the bonds the proceeds thereof, to the credit of the Grand Canal Conservancy account, to be transferred to China in necessary instalments from time to time through and to be held on deposit in China with the International Banking Corporation pending their transfer to the works. When, after the appointment of the director general and the chief engineer, it shall be possible to proceed with improvement work, there shall be transferred to the International Banking Corporation at Tientsin or Shanghai and put to the credit of the Grand Canal Conservancy Account a sum sufficient to meet six months (6) estimated expenditure in advance, which sum shall be determined by the chief engineer in consultation with the contractors and submitted to the director general for approval, and shall be maintained by subsequent monthly transfers so that so far as possible there will always be six (6) months estimated expenditure in China on deposit with the International Banking Corporation.

3. Working funds transferred to the works shall be deposited in and operated through some responsible bank in China designated by the Government.

4. The cost of all transfers of all funds of whatsoever nature to, from, and in China shall be borne by the Government and included in the rate of exchange to be settled either on the date of transfer or prior thereto as mutually agreed upon between the Government and the International Banking Corporation.

5. The Government shall at all times during construction keep the contractors in funds to meet expenses under this contract; and the contractors shall, not less than seven (7) days before the end of each month, furnish the director general with a lump sum requisition showing the amounts required to be expended for all purposes of the contract work during the then ensuing month. Such requisitions shall be paid by the auditor to the contractors minus any balances then in the hands of the contractors not then expended, after they have been approved by the chief engineer and signed by the director general to signify his approval. Thereupon the contractors shall expend the same only in accordance with the plan prepared and agreed upon as stipulated in Article VI. Funds for the general expense of the Head Works Bureau hereinafter referred to shall be held by the Accounting Department of the Head Works Bureau. A budget of the general expense for each ensuing month shall be agreed upon by the Auditor and contractor and disbursed by the auditor upon requisitions approved and signed by the director general.

6. The Canal Head Works Bureau and Canal Conservancy Bureau and the contractors shall at all times keep proper and correct books in English, showing all transactions of income and expenditure in detail and by items, and both parties shall always have access to and the right to inspect such accounts.

ARTICLE III

1. The term of this present issue shall be twenty (20) years. This issue shall be redeemed in fifteen (15) equal, annual installments, dating from the expiry of the 5th year of the issue, by drawings which shall be held in New York at the National City Bank of New York, which is hereby appointed trustee for the bondholders, in conformity with the amortization table annexed hereto. The serial numbers of bonds drawn shall be published in four (4) daily newspapers at the

cost of the Corporation. All interest and amortization payments shall be made in gold, by the National City Bank, and at such places as may be designated by it in such public notice. Bonds presented for payment must be surrendered together with their proper coupons, if any. Interest on drawn bonds ceases on the day of drawing.

2. For reimbursement in connection with the payments of interest and repayments of principal of the loans the National City Bank of New York shall receive a commission of one-quarter of one per cent ($\frac{1}{4}\%$) from the Government on the annual loan service, such commission to be paid half-yearly simultaneously with the interest payments and repayments of principal in accordance with the amortization table hereto annexed.

3. If after five (5) years from the respective dates of these loans the Government should desire to redeem the whole or any portion thereof not then redeemed it may do so by paying an addition of one and one-half per cent ($1\frac{1}{2}\%$) on the par value of the bonds not then redeemed. But in each and every case of such extra redemption the Government shall give six (6) months previous notice in writing to the trustee, and such extra redemption shall be effected by additional drawings, as provided for in the prospectuses of the loans. The redeemed bonds and interest coupons, if any, will be received and canceled by the trustee when they shall be presented for payment at the place designated by the trustee.

4. A Loan Service Account shall be established and maintained in the International Banking Corporation, Peking, during the life of the loan subject to the order of the auditor. In this account shall be deposited from the Special Revenue Account hereinafter referred to fifteen (15) days before each due date, amounts in silver sufficient to meet the interest and amortization payments in gold dollars in New York, or in gold of the national currency of such other places as may be designated by the trustee, which shall be transferred to place of payment through the International Banking Corporation. If the funds of the Special Revenue Account should be insufficient, the deficiency will be made up by funds transferred from the stamp duties, or in defect thereof from other sources. Said Loan Service Account shall at all times be sufficient in amount for six (6) months' use.

ARTICLE IV

1. This loan and all advances and temporary financing are hereby secured by—

(a) The lands to be reclaimed by the work done hereunder owned by the Government, which the Government declared to be approximately three hundred thousand (300,000) mow; and all revenues derived or to be derived by the Government from Government lands affected by the work; also all proceeds from the sale, lease, and/or taxation of all reclaimed and/or improved lands, as well as any special taxes which may be levied by the Government on lands benefited by this work.

(b) All taxes derived or to be derived from all other lands affected by this improvement, which the Government estimates to be an approximate area of five hundred thousand (500,000) mow.

The Government hereby certifies that the estimated area of the above-named districts amounts approximately to eight hundred thousand (800,000) mow, and the area is to be confirmed by a map after an actual survey and furnished the Corporation.

(c) All tolls and taxes derived or to be derived from the use of the section of the Grand Canal improved under this contract, during the life of this loan.

(d) All property purchased or constructed with loan funds.

2. The foregoing property and revenues are not now pledged for any other loan or financial obligation; and so long as this loan or any part thereof shall remain unredeemed, it shall have priority both as regards principal and interest over all future loans and obligations charged thereon and said security shall not be impaired or injured by taxes, *likin*, imposts, royalties, or in any other manner.

3. All receipts in connection with the securities above mentioned shall be handled by the Head Works Bureau during construction and by the Conservancy Bureau hereinafter mentioned, during the remainder of the life of the loan, and shall be transferred by the Bank of China, if practicable, to and be deposited in a Special Revenue Account in the International Banking Corporation, Peking, Shanghai and/or Tientsin, pending transfer to the Loan Services Account as above-mentioned on the order of the auditor to meet payments due for interest and amortization. After providing for said Loan Service Account, any surplus left

from said receipts shall be used, first for the maintenance of the Canal, which shall be maintained in good condition, and second, to be placed at the disposal of the Government.

4. Should the revenue herein pledged be insufficient to meet the amounts required for interest, amortization, loan service, exchange, maintenance of the Canal, or any other obligation of this contract, the Government hereby agrees to make up the deficiency from other sources, and among them specially allocates for this purpose a sufficient portion of the stamp duties levied by virtue of an Act promulgated on October 21, 1912, called the "Yin Hua Shui" as a reserve fund which is free from all encumbrance excepting a pledge of five hundred thousand dollars (Py. \$500,000) local currency which is set aside as a reserve fund secondary to the deeds tax for a domestic loan; and during the life of this loan nothing shall be done with respect to the stamp duties which will in any way impair the value or safety of the reserve fund hereby provided.

ARTICLE V

1. The Siems-Carey Railway & Canal Co. is hereby recommended and accepted as the contractor for the work of improvement of the Grand Canal provided for under this contract. It shall have charge and control of everything in connection with the engineering and construction work, shall perform the same efficiently, economically and speedily according to plans made by the chief engineer and approved by the director general who shall send them to the contractors for their approval and execution; shall make all purchases, carefully storing, protecting, and issuing for use all purchases during construction; and shall receive as their sole remuneration a sum equal to ten per cent (10%) of the total amount expended for all purposes including head office expenses, as profits, which sum shall be paid to the contractors in monthly payments at the end of each month's work, requisitions therefore being based on accounts approved by the auditor and submitted to the director general for his approval and signature.

2. The Government will provide sufficient protection for the work and all properties of the contractors and/or Corporation as well as for Chinese and foreigners employed thereon.

3. In the purchase of materials preference shall be given to Chinese materials when price and quality are at least equal; otherwise American materials and machines may be used when the price does not exceed the price of the same quality in other foreign markets.

4. All necessary imports for the purpose of this improvement shall be exempt from duties, taxes and imposts.

5. The work on the Shantung section shall be completed within thirty (30) months from the date of payment of the first estimate to the contractors, unless delayed by some unforeseen occurrence.

ARTICLE VI

1. The director general is hereby appointed by the Government and acts as its representative respecting the work to be done hereunder. He shall, upon the commencement of this work, establish at Tsi-ning-hsien and maintain there or at such other place as may be convenient, a bureau known during construction as the Head Works Bureau and afterwards during the life of the loan as the Canal Conservancy Bureau. In this bureau there shall be three (3) responsible departments, viz:

(1) A General Affairs Department with an officer in charge appointed by the director general. This department shall take charge of all work in connection with miscellaneous affairs.

(2) An Engineering Department in charge of an American chief engineer during and until completion of construction, and afterwards during the life of any and all bonds, in charge of a Chinese engineer.

Both engineers shall be appointed, removed, and/or replaced by the director general upon consultation with and/or upon the recommendation of the Corporation, and shall always be persons nominated by the Corporation and whose professional reputation and experience are first-class.

During construction said American chief engineer shall be the inspector and consulting engineer of the Government for this work. He shall, with the approval of the contractors, make all plans of improvement and drainage contemplated. If the work planned appears not feasible or the cost not reasonable to the contractors, the director general will cause the plans to be revised to make them

feasible and the cost reasonable as aforesaid. The work must be performed to the satisfaction of the chief engineer, and he shall have power to refuse his approval to lump sum requisitions until he is satisfied that the work is or will be performed according to the plans above specified. The director general's approval and signature must be obtained by the chief engineer on all lump sum requisitions of the contractors. The director general or his representative shall have full powers of inspection of the work at any time. Upon completion of the Canal improvement work, the Chinese chief engineer will supervise the maintenance of the Canal, which shall be maintained in good condition.

(3) An Accounts Department in charge of an American auditor appointed, removed, and/or replaced by the director general upon consultation with and/or upon the recommendation of the Corporation, and who shall always during the life of the loan by [he?] an American nominated by the Corporation.

This auditor shall have charge of all receipts and disbursements in connection with the fulfillment of this agreement and shall supervise the collection of the revenues pledged excepting the stamp duties during the life of the loan. He shall attend to the transfers of funds to, from, and in China. He shall make all withdrawals of loan funds; but only upon requisitions bearing the proper signatures herein provided for. He shall, as herein stated, handle the payment of the interest and amortization charges, the payment of maintenance and operating costs, and turn over the balance of the revenue above the amount required to be kept in the Loan Service Account to the Government.

2. Should the American auditor have suggestions to make regarding the revenues he may lay them before the director general who shall, if they are practicable, put them into execution.

3. No subordinate officer shall be appointed in any of said departments until after the approval of the director general has been secured.

4. Should the Government desire to engage advisors relating to the reclaiming of land, managing reclaimed land, and developing the communication facilities of the Grand Canal, it will request the Corporation to recommend suitable persons for approval and appointment.

5. The salaries of the chief engineer and auditor shall be arranged between the director general and the Corporation.

ARTICLE VII

1. If there should be a breach of this agreement, then all the revenues pledged as security shall, upon request of the Corporation, be transferred to and administered by the Corporation or the Maritime Customs in the interest of the bondholders.

ARTICLE VIII

1. In the event of any bond or bonds issued by this loan being lost, stolen, or destroyed, the Corporation may notify the Chinese Minister at Washington who shall authorize the Corporation to insert an advertisement in four (4) newspapers stating that the payment of such bond or bonds had been stopped, and to take such other steps as may appear advisable or necessary according to the laws and customs of the country concerned. Should any bond or bonds be destroyed, or should such lost or stolen bond or bonds not be recovered after a lapse of time fixed by the Corporation, the Chinese Minister at Washington shall execute a duplicate bond or duplicate bonds for a like amount and deliver the same to the Corporation, representing the owner or owners of such lost, stolen or destroyed bond or bonds, which Corporation shall pay all expenses in connection with such delivery and execution of such duplicate bond or bonds for the account of the owner or owners of such bond or bonds.

2. All bonds, coupons and payments made and received in connection with the service of this loan shall be exempt from all Chinese taxes and imposts during the currency of this loan.

ARTICLE IX

1. Of the six million dollars (G\$6,000,000) of bonds to be issued, three million five hundred thousand dollars (G\$3,500,000) shall be issued in America and two million five hundred thousand (G\$2,500,000) thereof may be issued elsewhere. Any portion or series thereof and any increase thereof shall be issued in the same proportion.

2. The Corporation may, with the approval of the Chinese Government, transfer or delegate any part of its rights and power hereunder, provided that the control of the Engineering Department, Accounts Department and Contracting control shall not be transferred or delegated to any foreign national other than American.

ARTICLE X

1. In the event that in the future money is to be borrowed to improve the section of the Grand Canal from Tai-Chuang to Chinkiang in Kiangsu Province, application therefor will be first made to the American International Corporation.

ARTICLE XI

1. This agreement shall be executed in quadruplicate in the Chinese and English languages, each text being a correct translation of the other. In the event of any dispute arising at any time respecting the construction or meaning of this agreement, the English text shall prevail.

2. One copy of both Chinese and English texts of this agreement shall be delivered to and held by each of the following:

- (1) The Directorate General of Flood Relief and Conservancy.
- (2) The Ministry of Foreign Affairs.
- (3) The American Legation, Peking.
- (4) The Corporation.

ARTICLE XII

1. This agreement shall take effect on the date of transmission of a copy thereof by the Ministry of Foreign Affairs of the Government to the Legation of the United States of America at Peking.

Seal of Director General of Flood Relief Conservancy.

In witness whereof, the Government of the Republic of China and the American International Corporation have caused this instrument to be executed by the Director General of Flood Relief and Conservancy and the Representative of the Corporation respectively at Peking, China, this 20th day of November, A. D. 1917.

Republic of China,

By its Director General of Flood Relief and Conservancy,

HSIUNG HSI-LING

American International Corporation

By its duly authorized representative

W. F. CAREY

Witnesses:

F. C. HITCHCOCK

T. S. WEI

ENDORSEMENT

It is mutually agreed between the American International Corporation and the Industrial Bank of Japan that the attached copy of contract between the Government of the Republic of China and the American International Corporation is in conformity to the agreement entered into between said Corporation and said Bank at New York "for cooperation, with the approval of the Chinese Government, in undertaking the improvement of the sections of the Grand Canal in the Provinces of Shantung and Kiangsu in the Republic of China" as amended by cables and by talks with Mr. Y. Ono.

Signed and sealed at Peking, China, this 20th day of November, 1917.

American International Corporation,

By its duly authorized representative,

W. F. CAREY

Industrial Bank of Japan,

By its duly authorized Vice President,

Y. ONO

Witnesses:

C. C. LINCOLN

K. DEBUCHI

TAXATION OF FOREIGNERS IN CHINA⁴⁸

File No. 803.512/71

Minister Reinsch to the Secretary of State

No. 1215

AMERICAN LEGATION,
Peking, September 29, 1916.

SIR: With reference to the Legation's despatch No. 686 of July 12, 1915,⁴⁷ and to the Department's instruction No. 324 of September 16, 1915,⁴⁸ I have the honor to transmit herewith a copy of a further despatch (No. 310 of August 21) from the Consulate General at Hankow, in regard to the so-called 99 Mercantile Tax, together with the instruction (No. 1873) which the Legation addressed to the Consulate General on the 27th instant in reply thereto.

In view of the Standard Oil Company's being able to avail itself of the method contemplated in the treaties with China for exemption from taxation in the interior of whatever nature, namely the taking out of transit-passes for goods shipped into the interior, the Legation has felt it necessary to inform this company that if it finds the *pao-shang-piao* system more advantageous than the transit-pass system, it may be assumed to accept the defects as well as the advantages of that arrangement.

The Consul General at Hankow was accordingly instructed that the Legation can undertake to do no more than secure the Standard Oil Company against actual discrimination or other demonstrably unlawful acts of the Chinese authorities, if it chooses to carry on its business in Kiangsi Province under the *pao-shang-piao* system. I hope that the Legation's attitude in this matter will receive the Department's approval.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Extract]

Consul General Cunningham to Minister Reinsch

No. 310

AMERICAN CONSULATE GENERAL,
Hankow, August 21, 1916.

SIR: I have the honor to transmit a copy of a letter from the Standard Oil Company of New York, Kiukiang Branch, dated August 17, 1916, regarding the efforts of the Kiangsi officials to collect the 99 Mercantile Tax. Inasmuch as this tax does not seem to be any more regular than it was a year ago when various protests were filed by this office against it, it would seem a suitable moment to renew the protest but for the fact that the question has been referred to the Legation for action. It appears that the Kiangsi officials in certain districts intend to collect the tax unless strong protests be filed against such, so that foreign merchandise will be protected from this discriminatory tax. If further action is advisable by this office I would request instructions regarding the mode that it shall take. It is doubtful whether anything of a permanent character can be accomplished by this Consulate General, and certainly the result will not be nearly so effective as it will be should the Legation procure a settlement in Peking.

I have [etc.]

EDWIN S. CUNNINGHAM

⁴⁸ Continued from For. Rel. 1915, p. 216.⁴⁷ For. Rel. 1915, p. 224.⁴⁶ *Id.* p. 229.

[Subinclosure]

STANDARD OIL COMPANY OF NEW YORK,
Kiukiang, China, August 17, 1916.

The AMERICAN CONSUL GENERAL, *Hankow.*

SIR: The further efforts of Kiangsi officials to collect the "99 Tax," reported in our letter of July 27, '16, are continued and have been extended to other points, notably Kingtehchen and Kanchowki. Unless prompt action is taken, it is possible that we shall be obliged to permit our agents to compromise the question in order to continue business.

In this connection we should advise you that the new British Consul at this port has expressed entire willingness to adopt the same attitude which we have assumed and is already in communication with the officials at Nanchang. We understand that, in reply, the officials have reverted to their old counterattack on general trading rights of foreigners in the interior. As we have frequently stated, we wish to avoid, if possible, a reopening of this question of trade rights.

Very truly yours,

STANDARD OIL COMPANY OF NEW YORK, KIUKIANG BRANCH
 HERBERT R. EVERALL, *Attorney*

P. S.—We are just in receipt of a telegram from our agent at Kingtehchen requesting immediate assistance and support with reference to this question.

File No. 893.512/72

Minister Reinsch to the Secretary of State

No. 1251

AMERICAN LEGATION,
Peking, October 31, 1916.

SIR: I have the honor to enclose herewith copies of despatches under dates of April 4 and September 21 last (Nos. 39 and 76, respectively) from the Consul at Changsha, in regard to the collection of *likin* dues on foreign goods entering the walled city of Changsha; also a copy of the Legation's instruction (No. 1924) of the 21st instant, on this subject.

It seems to the Legation that the Consul's contention in this matter is fully warranted by the Department's instruction to the Consul at Nanking (No. 7, of which a copy was enclosed with the Department's instruction No. 161 of September 30, 1914)⁴⁹ under date of September 23, 1914, in the course of which it is stated that

this Government has heretofore insisted that when a city is opened to foreign residence and trade it is the city and not an adjacent district that is open and that therefore *likin* can not be collected on goods carried from the landing or settlement into the city.

I have, however, the honor to request such specific instructions as the Department may see fit to give upon consideration of this particular case as presented in the despatches from Changsha which are herewith enclosed, with a view to the eventuality of having to take up with the Foreign Office a demand that it recognize and give effect to such a construction of the Sino-Japanese Treaty of 1903 as would include the walled city within the limitations of the Port of Changsha as open to trade.

I have [etc.]

PAUL S. REINSCH

⁴⁹ For. Rel. 1914, p. 130.

[Inclosure 1]

Consul Johnson to Minister Reinsch

No. 39

AMERICAN CONSULAR SERVICE,
Changsha, April 4, 1916.

SIR: I have the honor to report that some days ago I received a complaint from the local manager of the Singer Sewing Machine Company to the effect that the stations of the local *likin* office located at the city gates of Changsha were refusing to allow foreign imported goods to enter the city gates without payment of *likin*. I protested to the local Commissioner of Finance by telephone requesting that orders be given permitting the goods to enter the city without the payment of *likin* as Changsha was an open port. I was unable to get any satisfaction, the answer being that that part of Changsha which is located within the walls was and always had been considered to be part of the interior of the country (*nei ti*) as distinguished from the commercial settlement under the treaties.

Now as a matter of fact the setting apart of a commercial settlement at Changsha has never been definitely accomplished. The port was opened in 1904 under the provisions of the Japanese Commercial Treaty of 1903, Article X, which contains the following provision:

The Chinese Government agree to open to foreign trade, within six months from the exchange of the ratifications of this treaty, Changsha-fu, in the Province of Hunan, on the same footing as the ports already opened to foreign trade. Foreigners residing in this open port are to observe the municipal and police regulations on the same footing as Chinese residents, and they are not to be entitled to establish a municipality and police of their own within the limits of the treaty port, except with the consent of the Chinese authorities.

I therefore wrote to the Commissioner of Finance for the Province of Hunan the following letter of protest on March 28.

"SIR: I have the honor to request that instructions be issued to the stations of the *likin* office located at the city gates of Changsha to refrain from the collection of *likin* on foreign merchandise imported into China which has paid the usual duties prescribed by the treaties. It has come to my attention that these stations have been in the habit of levying *likin* on goods of foreign origin which have already paid the usual customs duties provided by the treaties. This is illegal as the city of Changsha is an open port within which *likin* may not be levied on such goods.

"I am informed that the *likin* officer of the Tai Hsi Men is now holding up a parcel of goods belonging to the Singer Sewing Machine Company for payment of *likin*. I request that instructions be issued to this *likin* station to release this parcel of goods without delay.

"I have [etc.]"

I have not received a reply to this protest. On the other hand the Singer Sewing Machine Company again had occasion to bring goods to their stock in the city shortly after the above letter was sent. These goods were held up at the city gate. As the firm was in urgent need of the goods I told the manager that he should pay the *likin* and obtain a receipt for the money. I asked him to forward me the receipt which he has done and I have this day written another letter to the Commissioner for Finance requesting that the money covered by the receipt be refunded to the Singer Sewing Machine Company.

I have [etc.]

NELSON T. JOHNSON

[Inclosure 2]

Consul Johnson to Minister Reinsch

No. 76

AMERICAN CONSULAR SERVICE,
Changsha, September 21, 1916.

SIR: I have the honor to refer to my despatch of April 4 last on the above subject, No. 39, in which I reported that I had filed a protest with the Commissioner of Finance against the collection of *likin* by *likin* stations at the city gates

of Changsha on foreign goods passing into the walled city. At the time that I wrote this despatch, the Commissioner of Finance had not made a ruling in this matter other than to state over the telephone the contention that the area within the city walls of Changsha formed part of what is now known as the Chinese interior or "*nei ti*." On April 14, however, I received from the Commissioner of Foreign Affairs a letter covering this matter and referring to a communication which he had received from the provincial Commissioner of Finance covering the whole question. I enclose copy of Chinese text of this letter as well as a copy of translation of same for the Legation's information.⁴ The Legation will note that the sum and substance of his contention in this matter is that the area within the city walls of Changsha is part of the Chinese interior and that it follows that goods taken into this area are liable to payment of *likin*. He quotes from regulations which he states were drawn up conjointly between the customs and the *likin* offices covering the procedure to be followed in the collection of *likin* on foreign goods imported into Changsha and states that Clause IV of these regulations stipulates that

"goods brought by steamer shall be taken from the steamer to the jetty and to the commercial port and stored in the foreign godowns. Such goods shall be free temporarily from the payment of *likin*. Later, when such goods are sold to Chinese merchants and before they leave the commercial port and the foreign godown the foreign firm and the merchant concerned shall report the weight and number of packages, so that when the goods leave the commercial port and come from the foreign godown, the *likin* officers may examine and collect the necessary amount of *likin* taxed. If the goods are taken to native godowns or to shops where they may be sold, then such goods must pay the *likin* immediately as required by the regulations."

In reply to this letter I wrote to the Commissioner of Foreign Affairs on April 24, copy of which letter I enclose,⁴ denying the validity of the regulations quoted by the Commissioner of Finance which had apparently been drawn up without the consent or agreement of the American Government, and again asking that instructions be issued for the discontinuance of the collection of *likin* at the city gates of Changsha on foreign goods. I also pointed out, as the Legation will note, that payment of this charge in the past by the Singer Sewing Machine Co. could not be considered to constitute a precedent in favor of its collection.

There was no further outcome of this matter. *Likin* continued to be assessed and during the summer the Singer Sewing Machine Co. forwarded to me receipts issued to them, all of which I handed over to the Chinese authorities asking for a refund of assessments thus illegally paid. On the 5th instant I received a second communication from the Commissioner of Foreign Affairs, acknowledging the receipt of two letters with which I had forwarded *likin* receipts. He returned all of these receipts to me and again repeated the substance of the first letter from the Commissioner of Foreign Affairs referred to above in support of his contention that the *likin* authorities were acting within their rights in demanding payment of *likin* on foreign goods brought into the city of Changsha. In this letter he again refers to the regulations for collection of *likin* drawn up in conjunction with the Commissioner of Customs at the time of the opening of the Port of Changsha, and he states that these regulations were notified to the various consuls in the 30th year of Kuang Hsi by the Superintendent of Customs at Changsha. He admits that in the 32d year of Kuang Hsi protest against these regulations was made to the Central Government at Peking through the British and Japanese Legations. He also states that a second protest was filed by the Japanese Legation in 1912; he states that the dues have been collected from the time of the enforcement of the regulations down to the present. He again quotes from the regulations a passage which corresponds in all respects to Article IV quoted above, and uses this provision of the regulations as a basis for determining the limits of the Treaty Port of Changsha. Or, in other words, for delimiting the area within which foreign goods may be brought without payment of *likin* and other charges. He contends that the area of the trade settlement or commercial port of Changsha was determined at an early date and that although it is true that Changsha is a treaty port "open to international trade, it cannot be held that foreign and Chinese godowns and warehouses both inside and outside of the walled city are within the area of the open treaty port." He again argues

⁴Not printed.

that payment of *likin* in the past forms a precedent for the proper collection of *likin* now and in the future, and contends that there is no infraction of treaty stipulations in that when the goods pass through the city gates they have left the confines of the Treaty Port of Changsha.

On the 6th instant I replied to him and endeavored to answer his arguments, and I enclose herewith a copy of my letter.* I returned the *likin* receipts to him and again asked that instructions be issued for the discontinuance of the collection of *likin* on foreign goods passing through the city gates of Changsha. I informed him that I had no knowledge of any such regulations as had been mentioned by him and his predecessor, establishing a procedure for the collection of *likin* on foreign goods imported into Changsha, nor did I have any knowledge of consent to such regulations on the part of my Government. In ending, I asked the Commissioner to forward me two copies of the regulations which he stated had been drawn up to govern the collection of *likin* on foreign goods imported into Changsha. I have not as yet received any reply to this letter, but with the Legation's approval if I do not receive some favorable action through the office of the Commissioner of Foreign Affairs, I propose to take the matter up with the Civil Governor and later with the Legation, if necessary.

Thus far the Singer Sewing Machine Co. is the only American firm that has filed a protest with this office against the payment of *likin* which is collected at the city gates on goods carried into the walled city of Changsha. I am aware, however, that *likin* is collected on all cargo which goes into the city of Changsha. It is being successfully collected, for it is impossible to get goods into the city without passing the gates and the stations at the gates refuse to permit goods to enter until payment is made.

I have [etc.]

N. T. JOHNSON

[Inclosure 3]

Minister Reinsch to Consul Johnson

No. 1924

AMERICAN LEGATION,
Peking, October 21, 1916.

SIR: Referring to the despatch (No. 76) of September 21, in which you reported further concerning the collection of *likin* at the city gates of Changsha I have to inform you that the legation approves of your contention that the area within the walls of the city is naturally and of course included within the port as open to foreign trade in pursuance of the provisions of the Sino-Japanese Treaty of 1903.

It is noted that you are still awaiting copies of the *likin* regulations which the Chinese authorities maintain to be applicable, and that you contemplate further negotiations with the Commissioner for Foreign Affairs and with the civil governor; while awaiting the outcome of your representations to the local authorities the Legation is referring to the Department your despatches of April 4 and September 21 (Nos. 39 and 76 respectively), with the request to be authorized, in the event of your obtaining no satisfactory solution locally, to insist that the Foreign Office recognize and give effect to the construction of the treaty for which you are contending.

I am [etc.]

PAUL S. REINSCH

File No. 893.512/73

Minister Reinsch to the Secretary of State

No. 1263

AMERICAN LEGATION,
Peking, November 13, 1916.

SIR: In continuation of the Legation's despatch No. 1215 of September 29 last on the subject of the so-called 99 Mercantile Tax levied in Kiangsi Province, I have the honor to enclose herewith a further despatch from the Consulate General at Hankow (No. 340)

*Not printed.

under date of the 3d instant, reporting that the Kiukiang branch of the Standard Oil Company has taken steps in pursuance of the Legation's suggestion that it revert to the method of shipping its imports into Kiangsi Province under the protection of transit passes rather than under the *pao-shang-piao* system.

There is also enclosed for the information of the Department a copy of the Legation's reply (No. 1964) of today's date, which seemed to be necessary in view of the company's apparent misunderstanding of the Legation's position in this matter.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1]

Consul General Cunningham to Minister Reinsch

No. 340

AMERICAN CONSULATE GENERAL,
Hankow, November 3, 1916.

SIR: Referring to the Legation's instruction No. 1873 of September 27, 1916, regarding the 99 Mercantile Tax and suggesting the use of the transit passes by the Standard Oil Company, I have the honor to state that the Standard Oil Company's branch at Kiukiang has advised this office that they have now bonded their tanks as from November 1, 1916, and will immediately commence shipping under transit passes to inland points.

The Standard Oil Company in a letter of November 1, 1916, states that

"We shall be glad if you would kindly, at your earliest convenience, advise the Legation of this our decision and action, requesting the matter of the 99 Tax be again taken up with the Chinese authorities, with a view to the immediate abolishment of same."

This, it is thought, is in line with the Legation's instruction to this office above referred to.

I have [etc.]

EDWIN S. CUNNINGHAM

[Inclosure 2]

Minister Reinsch to Consul General Cunningham

No. 1964

AMERICAN LEGATION,
Peking, November 13, 1916.

SIR: The Legation has received and taken note of the despatch (No. 340) of the 3d instant in which you report that the Standard Oil Company's branch at Kiukiang has advised you of its having bonded its tanks as from the 1st instant and that it will immediately commence shipping under transit passes to inland points, as suggested in the Legation's instruction of September 27 last (No. 1873) in regard to the 99 Mercantile Tax.

With reference to the company's request that the Legation again take up with the Chinese authorities the matter of the 99 Tax, "with a view to the immediate abolishment of same," the Legation has to observe that this seems to indicate a misapprehension that that tax is in itself illegal. The Legation perceives no basis for such an assumption, and it is not prepared to insist that the tax be discontinued save in so far as concerns its misapplication to shipments which have, by the taking out of transit passes, become entitled to exemption from that and other inland charges.

It is desired that you bring this view to the attention of the agent of the Standard Oil Company at Kiukiang and advise him that the Legation looks to the company to furnish it the necessary concrete and definite evidence upon which to base such action as it may find appropriate, in the event that the provincial authorities levy or seek to levy the 99 Mercantile Tax upon consignments covered by transit passes.

I am [etc.]

PAUL S. REINSCH

File No. 893.512/71

The Secretary of State to Minister Reinsch

No. 529

DEPARTMENT OF STATE,
Washington, November 25, 1916.

SIR: The department acknowledges the receipt of your despatch No. 1215 of September 29, 1916, with enclosure, in regard to the so-called 99 Mercantile Tax.

In the Department's No. 324 of September 16, 1915, the Department stated that it would be well to obtain a copy of the *pao-shang-piao* regulations or a receipt showing the payment of such a tax in order to determine the propriety of the Standard Oil Company's refusal to pay the 99 Mercantile Tax.

The Department infers from your despatch under acknowledgment that no evidence of the character mentioned has been obtained nor has any other evidence of a definitive character been submitted relative to the first-named tax.

However, in this connection it is observed that the Legation's No. 686 of July 12, 1915, quotes from a communication addressed by the Governor of Kiangsi to the American Consulate General at Hankow on January 12, 1915, the statement that when goods have paid the *pao-shang-piao*, "the goods will not be taxed a second time." It would seem that the governor of the province which levies the two taxes mentioned might well be accepted as good authority with regard to the scope and effect of one or both of these taxes, especially when, as appears, the regulations putting the tax or taxes in effect are not obtainable.

Therefore, the Department is constrained to observe that it cannot fully approve of the instructions issued by you on August 21, 1916, on the subject of the 99 Mercantile Tax. The Department is of the opinion that you would have been justified in accepting the statement before quoted of the Governor of Kiangsi as a sufficient basis for a protest against the attempt to collect a second tax from the Standard Oil Company of New York.

It is suggested that you instruct the Consul General at Hankow that, if no later evidence of a contradictory character has come to light, the Legation is prepared to protest, in reliance upon the said interpretation placed upon the *pao-shang-piao* tax by the Governor of Kiangsi.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 893.512/72

The Secretary of State to Minister Reinsch

No. 532

DEPARTMENT OF STATE,
Washington December 6, 1916.

SIR: The Department has received your despatch No. 1251 of October 31, 1916, with its enclosures, relative to the collection of *likin* dues on foreign goods entering the walled city of Changsha.

The Department approves the action of Consul Johnson in this matter and the Legation's instruction to him of October 21, 1916 (C. No. 1924). You will so inform Consul Johnson and express to him the Department's hope that the local authorities will yet recognize as fully warranted the construction of the treaty for which he is contending, thus obviating the necessity of an appeal by the Legation to the Foreign Office for relief.

In the event that Consul Johnson should not succeed in obtaining from the local authorities a satisfactory solution you are authorized to bring the matter to the attention of the Foreign Office and insist upon the construction of the treaty in the sense mentioned in the last paragraph of the despatch under acknowledgment.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 893.512/74

Minister Reinsch to the Secretary of State

No. 1330

AMERICAN LEGATION,
Peking, January 3, 1917.

SIR: Referring to the telegraphic instruction of December 20, 1915, 5 p. m.,⁵⁰ replying to the Legation's despatch (No. 807) of October 29, 1915,⁵¹ on the subject of the applicability of the stamp taxes enacted by the Chinese Government, I have the honor to enclose herewith a translation of a note (No. 549) under date of the 26th ultimo in which the Minister for Foreign Affairs communicated for the information of this Legation a report on the subject received from the Chinese Minister in Washington.

In particular reference to the statement that

an instruction has been sent to the Minister to China to enter into negotiations to request the amendment of the stamp tax law, so that Americans in China will be more willing to pay the tax,

I beg to inquire whether the reference is to the Department's No. 90 of May 4, 1914,⁵² directing that, in the event of approval of the regulations by the other Treaty Powers, an endeavor should be made to secure such a revision as would make them more acceptable to residents in China.

In this connection I have to report that no collective action on this matter has been taken up by the Diplomatic Body subsequent to what has already been reported to the Department, and that the Legation is not aware of any action having been taken in reference to it by individual nations, save such as indicated in the enclosed translation of note from the Foreign Office dated December 26 last.

Pending the receipt of a reply to this despatch, the Legation is making no response to the note from the Minister for Foreign Affairs.

I have [etc.]

PAUL S. REINSCH

⁵⁰For Rel. 1915 p. 231.

⁵¹*Id.* p. 230.

⁵²For Rel. 1914, p. 122.

[Inclosure—Translation]

The Minister for Foreign Affairs to Minister Reinsch

No. 549

DECEMBER 26, 1916.

SIR: Referring to the matter of the extension of the operation of the stamp tax I have the honor to state that a despatch has been received from the Chinese Minister at Washington as follows:

A reply has been received from the American Department of State on this subject as follows:

"In reference to the matter of the extension of the operation of the stamp tax, an inquiry was received from the Minister to China, to which an answer was sent, stating that this Government accepts in principle the collection of the tax by the Chinese Government from Americans in China. An instruction has been sent to the Minister to China to enter into negotiations to request the amendment of the stamp tax law, so that Americans in China will be more willing to pay the tax. After the Governments of the different countries have all granted their consent it can be put into force."

This Ministry is most grateful for the kind assistance of your Government. The Governments of Portugal and Brazil have now severally given their consent to the enforcement of the tax. The Governments of the other nations have not yet replied formally stating what views they take regarding this matter. This Ministry has now addressed separate notes to the Ministers of the said Powers at Peking, requesting that they urge their respective Governments to express their agreement at an early date and to send a reply.

I am accordingly addressing this note to you for your information and cooperation. Upon receipt of replies from the Governments of the other nations I will again address you in order that negotiations may be facilitated.

With compliments.

WU TING-FANG

File No. 893.512/74

The Secretary of State to Minister Reinsch

No. 569

DEPARTMENT OF STATE,
Washington, February 14, 1917.

SIR: The Department acknowledges the receipt of your despatch No. 1330 of January 3, 1917, with its enclosures, relating to the liability of Americans for payment of the stamp taxes imposed by the Chinese Government.

Answering your inquiry whether the reference in the note (No. 549) of December 26, 1916, from the Minister for Foreign Affairs, to an instruction having been sent by the Department to you with reference to this matter relates to the Department's instruction No. 90 of May 4, 1914, I have to state that your surmise in this regard is correct. The Department's records show that the Chinese Minister at Washington in a note (No. 15), dated May 15, 1914,⁵³ was informed by the Department in the sense described in the quoted portion of the note of December 26, 1916, to you from the Minister for Foreign Affairs.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

⁵³For. Rel. 1914, p. 124.

DEMANDS OF JAPAN UPON CHINA IN CONSEQUENCE OF A CLASH
BETWEEN CHINESE AND JAPANESE TROOPS AT CHENGCHIATUN,
MONGOLIA. ATTITUDE OF JAPAN TOWARD AN INQUIRY MADE
BY THE UNITED STATES. SETTLEMENT OF THE AFFAIR

File No. 793.94/533

Minister Reinsch to the Secretary of State

[Extract]

No. 1186

AMERICAN LEGATION,
Peking, September 4, 1916.

SIR: I have the honor to enclose, for your information, copy of a despatch from the Consulate General at Mukden, which deals with the collision between Chinese and Japanese troops at Chengchiatun and the results arising therefrom:

As a result of the killing of certain Japanese soldiers at Chengchiatun, the Japanese Government, through its Minister here, has on September 2 made certain demands upon the Chinese Government. I am confidentially informed that they are as follows:

Group I: Action which it is desirable for the Chinese Government to take—

- (a) The employment of Japanese military advisers in Manchuria and Inner Mongolia;
- (b) The employment of Japanese instructors in military schools;
- (c) Indemnity for the lives of the persons killed; and
- (d) An apology.

Group II: Action which the Japanese Government will find itself forced categorically to insist upon—

- (a) That in all localities in Manchuria and Eastern Mongolia where numbers of Japanese sojourn there shall be established a Japanese police service;
- (b) That throughout Manchuria and Eastern Mongolia the Chinese police shall be provided with Japanese advisers;
- (c) That all the officers of the Chinese brigade involved in the Chengchiatun affair shall be dismissed and degraded; and
- (d) That strict orders shall be issued to the military in Manchuria under no circumstances to take action against any Japanese.

As in the case of the demands of 1915, the strictest secrecy was enjoined upon the Chinese Foreign Office by the Japanese Minister.

A certain show of moderation is imparted to this list, undoubtedly with a purpose, by including indemnity and apology under things desirable, but not categorically demanded. The thing that is categorically demanded, i. e. the policing of Manchurian towns by the Japanese and the control by them of the Chinese police forces throughout those regions, strikes a blow against the sovereignty of China in Manchuria which gives this affair a very serious character. The degree to which this is resented by the Chinese is apparent from the newspaper discussions (published in the *Peking Gazette*) which are enclosed herewith.⁴

It may be necessary for the Chinese to submit to the demands framed by Japan * * *.

I have [etc.]

PAUL S. REINSCH

⁴Not printed.

[Inclosure—Extract]

*Consular General Heintzleman to Minister Reinsch*AMERICAN CONSULATE GENERAL,
Mukden, August 18, 1916.

SIR: I have the honor to report that for several months serious disturbances have occurred in a region extending from Ssuningkai to Chengchiatun and from Changchun to Taonanfu far into Mongolia. The developments of the trouble can be traced with exactitude. Its inception was with the Russians who began in April last to supply with arms the various Mongol Banners, some seventeen in number, inhabiting Kulun or the Hailar district of Heilungkiang. In 1911 Barga, which is the popular local name for this region, seceded from China, and though the Chinese by force, bribery and intrigue have ever since attempted to resubjugate the area, it remains practically independent, relying for its existence on its success in playing the three powers one against the other. Although theoretically incorporated in this province and Heilungkiang, the Russians regard it as part of Autonomous Mongolia. The motives underlying Russian action are a desire to consolidate and strengthen those Mongol tribes bordering on Siberia and North Manchuria and thus preserve a semi-independent state already set up through Russian influence which is to serve as a buffer between her and China, and also in opposing the Japanese advance into North Manchuria and Eastern Mongolia. The Japanese, knowing perfectly well all that was going on, determined to turn the situation to their advantage. They encouraged those Mongols of the Korchin Banner, whose land lies around Taonanfu, most of whom they are able to influence, to form a political party, in conjunction with Manchu loyalists, to fight ostensibly for the restoration of the monarchy. To these disorderly elements were joined the ordinary robber bands also organized and equipped by the Japanese. Ssuningkai and Changchun are the principal centers for the recruitment of bandits, where they are protected by the Japanese and supplied with the necessary military outfit. Chengchiatun and Taonanfu may be considered rather as the bases of operations. The latter is the headquarters of the Japanese general secret staff, to which it is said no less than fifty Japanese general staff officers are attached. For the past eighteen months a Japanese consular agent has also been stationed there.

Chinese troops about 23 *ying* in number under General Wu Hsing-chuan have attempted from Taonanfu to suppress these revolutionists and marauders but in every engagement thus far the Chinese have been worsted. In a recent encounter General Wu was seriously wounded, although the Chinese for obvious reasons have thus far declined to admit it. Additional Chinese troops comprising 22 *ying* have been despatched from Kirin and Mukden to the fighting zone but they have been unable to relieve the situation. Wherever they met the insurgents (Chinese reports to the contrary) they suffered defeat. It is known to the Chinese authorities that the insurgents are well organized and led by Japanese, and that they follow tactics which only could be possible under expert leaders, and by which the Chinese are always outwitted. The number of the insurgents is given at 3,000. They are equipped with five machines rifles, and they also have in their possession such modern weapons as hand grenades, explosives, Mauser pistols and Japanese rifles. On the 15th instant the insurgents captured Kuochiatien, a town situated west of Changchun. In Changchun anarchical conditions prevail. Murder and plunder are daily occurrences. The Chinese city is, however, well guarded against the insurgents and closed at night. The Japanese observe a cold reserve and do not hinder in the least the free play of the bandits even in their own concession.

In Chengchiatun a fight developed on the 13th instant between the Japanese troops stationed there and the Chinese garrison by which the Japanese were outnumbered and consequently defeated and for a time besieged. Ten Japanese, including a police, were killed. Six, including the lieutenant leading the squad of Japanese soldiers, were wounded, while there are a few missing. The Chinese losses are given as four killed and nine wounded.

The facts preceding this incident are, I have good reason to believe, as follows: The Chinese commander of the local garrison knowing that the Japanese were assisting the insurgents and that the Japanese troops were hindering operations against the insurgents, asked the Japanese commander to withdraw his forces from Chengchiatun temporarily. The Japanese officer replied that he would do so on condition that he received an assurance that the Chinese would protect Japanese life and property. The Chinese officer declined to give this guaran-

tee and renewed his request. A Japanese orderly upon attempting to deliver a further communication on the subject at the Chinese barracks was told the commander was absent. He began to use abusive language to the Chinese guard, who retaliated by beating him. A Japanese police then went to the barracks to demand an explanation. The Chinese refused to listen and leveled their guns at him. He thereupon returned and set out again with a guard of thirty Japanese soldiers under a lieutenant. Upon appearing at the Chinese barracks they attempted to force an entrance when they were resisted by a volley of fire. The Japanese responded but, being outnumbered, were compelled to retire. The fighting continued until the Japanese reached their barracks. The losses on both sides were as described above. Conditions soon became precarious. The Japanese, learning of the incident and realizing that their small contingent was surrounded by 3,000 Chinese troops, sent reinforcements from neighboring towns in quick marching order. * * * The Chinese as well have sent reinforcements to Chengchiatun. The Chinese troops are supplied with ammunition by way of Hsinminfu. The Japanese consider the forces already despatched as too weak and express doubt that they will become masters of the situation. This gives the impression that new reinforcement will be sent.

On receiving news of the conflict, Governor Chang ordered the commander of the Chinese troops at Chengchiatun to cease hostilities and withdraw his troops three miles from the city. In this connection it is significant that while the Chinese troops are being removed the Japanese military forces are being strengthened. General Chang also sent two deputies to the scene to investigate and make a report, while Major Machino, military adviser to the Mukden government, has proceeded to Ssupinghai to discuss the affair with Major-General Fujii, commander of the Japanese railway guard in South Manchuria. Under instructions from Tokyo the Japanese Acting Consul General at Mukden has gone to Chengchiatun to investigate the facts of the case. The Special Delegate for Foreign Affairs called on the 14th instant at the Japanese Consulate General here to express regrets at the occurrence. General Chang also sent telegrams expressing regret to the Governor General of Kwantung and to the Army Department of the Kwantung Government. The magistrate of Chengchiatun, conceiving it to be his duty as a local official, called upon the Japanese Vice Consul to express his regrets at what had occurred. He was accompanied by the chairman of the local chamber of commerce. Upon presenting themselves at the vice consulate, the magistrate was detained and was only released when he offered his son as a substitute, who is now being held as a hostage. The vice Consulate at Chengchiatun is a branch of the Mukden consulate general and was opened August 1, 1916. * * *

I have [etc.]

P. S. HEINTZLEMAN

File No. 793.94/518

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, September 5, 1916, 6 p. m.

As a result of a collision between Chinese and Japanese troops at Chengchiatun, Mongolia, in connection with military action against so-called Mongolian revolutionists, instigated, equipped and directed by Japanese in a similar way as in Shantung recently, the Japanese Government is now demanding of the Chinese Government creation of Japanese police forces in places where Japanese sojourn and the appointment of Japanese advisers to the China police; it is also suggesting appointment of Japanese military advisers and instructors; all this in addition to the usual indemnities and apologies.

While these demands refer to Manchuria and Eastern Mongolia, yet, unless the Chinese are able to safeguard themselves, dangerous precedent for all of China would be established.

REINSCH

File 793.94/521b

The Secretary of State to Ambassador Guthrie

[Telegram]

DEPARTMENT OF STATE,
Washington, September 6, 1916, 2 p. m.

Newspapers here report that because of trouble in Eastern Mongolia Japan has made demands upon China as follows:

China voluntarily to offer 4 concessions;

1. To employ Japanese officers as advisers to Chinese troops in South Manchuria and Eastern Mongolia;
2. To employ Japanese military officers as instructors in Chinese public schools;
3. The Governor General at Mukden to go in person and apologize to the Japanese Governor General at Dairen and the Japanese Consul at Mukden;
4. China to make monetary compensation to the families of Japanese killed at Chengchiatun;

Japan further demands:

1. The punishment of the commanding officer of troops at Chengchiatun, also called Liaoyuan;
2. The dismissal of other officers of that force and punishment of officers and men immediately concerned in the attack;
3. Issue of strict orders to all Chinese troops in South Manchuria and Eastern Mongolia to avoid interference with Japanese troops or with words and actions of Japanese, these orders to be given by proclamation to all officers in those regions;
4. China to recognize that Japan has special interests in South Manchuria and Eastern Mongolia which justify possession of right to appoint police there and that Chinese officials in South Manchuria should employ more Japanese police advisers.

Bring to attention of Foreign Office and say report has greatly disturbed this Government which hopes it is not true. Request statement of facts.

LANSING

File No. 793.94/523

Ambassador Guthrie to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, September 11, 1916, 7 p. m.

Your telegram of September 6, 2 p. m. I called upon the Minister for Foreign Affairs and presented to him a paraphrase of the demands reported to have been made by Japan on China. The Minister told me that although certain ones of those items telegraphed to the Embassy by the Department were approximately correct, the whole list of demands was so full of untruths and exaggerations as to give it an entirely false color. He stated definitely that the Root-Takahira agreement was in no wise impaired by the demands made and that there was no intention of infringing the sovereignty of [China], and

he said that the Chengchiatun affair was particularly serious, since it was in reality a clash between Chinese and Japanese troops, and that the civil authorities were in no wise responsible. The Japanese Government felt that they must make a recurrence of such affairs impossible. A guaranty had therefore been demanded of the Chinese Government to this [end] in addition to proper apologies and compensation for the wrong done. To this end Baron Hayashi had been also instructed to request that the Chinese Government voluntarily replace the German instructors in the Chinese Cadet School with Japanese officers whom the former had replaced; that the Chinese Government should ask for Japanese officers who were to be stationed in Chinese garrisons in South Manchuria and Eastern Mongolia for advice in matters affecting the Japanese, and, as an extension of its extraterritorial rights, the Japanese Government should be permitted to station Japanese policemen in those towns where the Japanese settlements were large in the same manner in which Japanese Consulates in the same region had policemen attached to them, this to be done for the safety of the Japanese residents; and the Minister said he believed South Manchuria as Eastern Mongolia had no cities of such a nature at present. In order to make it easier for the Chinese authorities with their own people, it had been suggested that these guaranties should be offered by them. In conclusion the Minister [said] that Baron Hayashi had been instructed to communicate to the American Minister at Peking or any other colleague who asked for information the substance of the demands in question.

Before making any statement the Minister for Foreign Affairs asked me why I made these inquiries, saying that as there was nothing conflicting with the Root-Takahira Convention, he could not recognize [the right] on our part to interfere; but that he should be willing to discuss the matter with me personally and confidentially as he preferred to avoid a misunderstanding. He gave me a full account of the occurrence and said that the Chinese Governor at Mukden had voluntarily offered to send his chief of staff to apologize in person.

GUTHRIE

File No. 793.94/523

The Secretary of State to Ambassador Guthrie

[Telegram]

DEPARTMENT OF STATE,
Washington, September 13, 1916, 5 p. m.

Your telegram of September 11, 7 p. m. In view of the provisions of item five in Root-Takahira notes, Department is surprised that Minister for Foreign Affairs should question propriety of enquiry. The presence of Japanese troops in Mongolia and extension of police jurisdiction of Japan appear to Department to affect *status quo* as described in notes mentioned and to justify the two Governments communicating with each other as therein agreed.

LANSING

File No. 793.74/536

Ambassador Guthrie to the Secretary of State

No. 616

AMERICAN EMBASSY,
Tokyo, September 18, 1916.

SIR: With reference to my telegram to the Department of September 11, 7 p. m., I have the honor to inform you that on the 16th instant Mr. Chang Tsung-hsiang, the Chinese Minister here, who recently succeeded Mr. Lou Tsung-yu, sent Mr. Tsur, the Second Secretary of the Legation, to the Secretary of this Embassy with a confidential message for me in reference to Japan's pending demands upon China growing out of the situation in Chengchiatun. Mr. Tsur said that the Minister wished me to be informed as to the "true character" of the Japanese representations which on September 3 had been informally handed to him by the Foreign Office here, and communicated to the Government at Peking by Baron Hayashi.

The representations, he said, consisted of four "demands" and four "requests," but the phraseology employed in the latter was practically mandatory, the Japanese Government "leaving it to the Chinese Government to act favorably upon these requests without compelling the Japanese Government to use force."

The series, he stated, was as follows:

I. Demands:

1. The chief military officer in Chengchiatun district shall be dismissed. (This, Mr. Tsur states, is a very strong demand, as there is an army corps there and the chief military officer is of the rank of lieutenant general.)
2. All military officers connected with this case shall be punished.
3. Chinese troops in Manchuria and Mongolia shall be cautioned to be more courteous to Japanese.
4. Japanese police shall be permitted in places where Japanese reside.

II. Requests:

1. Manchuria and Mongolia shall employ Japanese military advisers. (Mr. Tsur said that Baron Hayashi had implied, in conversation with the Foreign Office at Peking, that it was desired that each army corps have a separate military adviser. This, Mr. Tsur stated, would make four advisers in all, and Mr. Chang is of opinion that to grant this would be to hand over the military power of these sections to Japan.)
2. The Peking Military College and other military colleges shall employ Japanese military officers.
3. The Governor General of Manchuria shall apologize to the Japanese Governor of Kwantung and shall also make personal apologies before the Japanese Consul General at Mukden.
4. Indemnities shall be paid to Japanese who have suffered, including both civil and military persons.

Mr. Tsur said that China considers the phraseology of some of these sections (particularly I, 4) so ambiguous that it is now negotiating with Japan to gain a clearer understanding of their meaning and is asking Japan to state them with greater clarity before they are formally handed in.

I have [etc.]

GEO. W. GUTHRIE

File No. 793.94/541

Minister Reinsch to the Secretary of State

[Extract]

No. 1228

AMERICAN LEGATION,
Peking, October 14, 1916.

SIR: I am confidentially informed that the Chinese Foreign Office is willing to grant the demands relating to indemnities; the Japanese Minister is, however, insisting upon the arrangement asked for whereby regions in Manchuria and Eastern Mongolia shall be policed by Japanese, in cases where the presence of Japanese subjects makes such a course "necessary." The Chinese Foreign Office is insisting upon definitions as to the nature of the police force as well as the conditions which shall render necessary Japanese policing.

The Japanese Minister indicates that the functions of the Japanese officers are to be confined to Japanese nationals and that they shall not interfere with Chinese or others. He also seems inclined to give the institution of a Japanese police in Manchuria the character of an extension of the right already possessed by the consular courts to employ executive officers known as marshals.

I have [etc.]

PAUL REINSCH

File No. 793.94/556

Minister Reinsch to the Secretary of State

[Extract]

No. 1367

AMERICAN LEGATION,
Peking, January 31, 1917.

SIR: I have the honor to transmit for your information certain papers relating to the adjustment of the Chengchiatun Affair, which were given out by the Chinese Government on January 27; they contain a summary of the negotiations leading to the settlement and copies of the memorandum and the *notes verbales* of the Japanese Government, as well as the formal exchange of notes dated January 12 and 22, 1917, in which the negotiations were concluded.

The important question concerning the stationing of Japanese police officers in Manchuria, has not been settled. In his note on this subject, the Japanese Minister asserts the right to maintain such police, which the Chinese Government in its reply denies. But there is for the immediate present to be no further argument on this question; the Japanese will maintain the stations already established and will probably establish such others as they consider necessary.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1]

[From the *Peking Gazette*, January 29, 1917]

We publish below the English text of a communique, summarizing the negotiations leading to a settlement of the Chengchiatun affair, which has been issued by the Chinese Foreign Office. This is followed by an authorized translation of the series of documents which have passed between the Japanese and the Chi-

nese Governments in connection with the negotiation and conclusion of the *démarche*. We add an unofficial translation of the *aide memoire* handed by the Japanese Minister to Dr. Chen Chin-tao when acting as Minister of Foreign Affairs.

On August 1916, a dispute between a Japanese merchant named Yoshimoto and a Chinese soldier of the 28th Division stationed at Chengchiatun led to a fracas between Japanese and Chinese soldiers. The Japanese soldiers had been in Chengchiatun for over two years. They had no justification for being there. The Chinese Government had repeatedly protested against their presence.

A Japanese policeman who was informed of the dispute induced a Japanese lieutenant to lead some Japanese soldiers to the Chinese barracks to demand satisfaction; a fracas ensued in which four Chinese and twelve Japanese soldiers were killed and others wounded. The Japanese troops were reinforced and new detachments were stationed at posts on the highway between Chengchiatun and Ssupinkai.

On September 2, the Japanese Minister submitted to the Foreign Office a series of eight demands divided into two categories. Four were demands properly so called and four *desiderata*.

The demands were:

1. Punishment of the general commanding the 28th Division.
2. The dismissal of the officers at Chengchiatun responsible for the occurrence, as well as the severe punishment of those who took direct part in the fracas.
3. Proclamation to be posted ordering all Chinese soldiers and civilians in South Manchuria and Eastern Inner Mongolia to refrain from any act calculated to provoke a breach of the peace with Japanese soldiers or civilians.
4. China to agree to the stationing of Japanese police officers in places in South Manchuria and Eastern Inner Mongolia where their presence was considered necessary for the protection of Japanese subjects. China also to agree to the engagement by the officials of South Manchuria of Japanese police advisers.

The *desiderata* were:

1. Chinese troops stationed in South Manchuria and Eastern Inner Mongolia to employ a certain number of Japanese military officers as advisers.
2. Chinese military cadet schools to employ a certain number of Japanese military officers as instructors.
3. The Military Governor of Mukden to proceed personally to Port Arthur to the Japanese Military Governor of Kwantung to apologize for the occurrence and to tender similar personal apologies to the Japanese Consul General in Mukden.
4. Adequate compensation to be paid by China to the Japanese sufferers and to the families of those killed.

In deference to the expressed desire of the Japanese Government the Chinese Government did not discuss the rights and wrongs of the case itself but proceeded direct to the discussion of the foregoing demands and *desiderata* the Chinese Government throughout the negotiations being animated by a sincere desire to meet all Japanese proposals in a spirit of friendly compromise.

From September 9 to November 24 frequent conferences were held, and the five demands embodied in the exchange of notes later referred to were verbally agreed upon. While disposed, however, to make every concession consistent with the preservation of China's sovereignty, the Chinese Government could not consent to the stationing of Japanese police officers in South Manchuria and Eastern Inner Mongolia and to the employment of Japanese military advisers and instructors.

On October 18 the Japanese Minister submitted a memorandum setting forth the duties of Japanese police officers and seeking to prove that these duties would not conflict with the duties of Chinese police in the same areas.

Dr. Wu Ting-fang, after having assumed charge of the Ministry of Foreign Affairs, continued the negotiations on December 19. Several conferences were held, the Japanese Minister pressing for acceptance of the demands for the employment of Japanese police officers and military instructors and advisers, the Foreign Minister contending that such demands were neither just nor reasonable.

On January 5 the Japanese Minister handed the Chinese Government three *notes verbales*.

The first had regard to the engagement of military instructors in Chinese cadet schools and explained that this desire on the part of Japan was inspired by the wish to assist in the development of a friendly spirit on the part of the Chinese military in Manchuria and in Eastern Inner Mongolia so that future recurrence of similar misunderstandings might be avoided. Japan expressed the

hope that Japanese military instructors in the cadet schools would be appointed. Inasmuch, however, as the question was one which concerned Chinese military affairs it ought to be left to the discretion of the Chinese Government, and the Japanese Government would not insist upon it.

The second had regard to the employment of military advisers in South Manchuria and Eastern Inner Mongolia and affirmed that this proposal on the part of Japan was inspired by the hope of bringing about a friendly interchange of views between the military of the two countries so as to prevent misunderstandings. Japan expressed the hope that Japanese military advisers in South Manchuria and Eastern Inner Mongolia would be appointed. Inasmuch, however, as this was a question concerning the military administration it must be left to the discretion of the Chinese Government, and the Japanese Government would not insist upon it.

The third *note verbale* had regard to the stationing of police officers. Japanese subjects, it said, traveling and residing in South Manchuria and Eastern Inner Mongolia must increase. For their protection and the preservation of order among them and to prevent misunderstanding it is necessary to increase the establishment of Japanese police officers and police stations. This is a corollary of the rights of extraterritoriality and does not violate Chinese sovereignty. Should the Chinese Government not express its concurrence with this view the Japanese Government would nevertheless, in case of necessity, be forced to carry it into effect.

After due consideration the Chinese Government replied on January 12: •

1. In the military cadet schools China has hitherto employed only Chinese instructors. She has no intention at present of employing foreign military instructors.

2. In the office of the Military Governor of Mukden a Japanese military adviser is already employed. The Japanese *note verbale* was noted.

3. In regard to the stationing of Japanese police officers the Agreement of May 25, 1915, provides that all Japanese subjects in South Manchuria and in Eastern Inner Mongolia referred to in the Agreement shall "submit to the police laws and ordinances and taxation of China." Questions arising from extraterritorial rights were thus provided for. Although the Japanese Minister may give an assurance that the Japanese police will not infringe the rights of the Chinese police and of the Chinese local administration, the stationing of Japanese police (in Chinese territory) will impair the spirit and the form of Chinese sovereignty and provoke misunderstanding on the part of the Chinese people to the detriment of friendly relations.

In regard to those Japanese police stations already established in Manchuria, the Chinese Government and local authorities have repeatedly protested against their presence. From investigations made by their delegates the Chinese Government are convinced that it was the Japanese police officer illegally stationed at Chengchiatun despite the protests of the Chinese Government (Chengchiatun being Chinese territory far removed from the Railway Zone) whose action was the direct cause of the regrettable conflict. The Chinese Government can never consent to the establishment of Japanese police stations in South Manchuria. It again protests and asks for the removal of those police stations already established.

The Chinese Government therefore requested that this demand should be abandoned and declared that it could not recognize any action taken in pursuance of the Japanese statement that should the Chinese Government not express its concurrence with this demand the Japanese Government would nevertheless in case of necessity carry it into effect.

The negotiations ended by the Governments agreeing to embody in an exchange of notes the following five stipulations:

1. The general commanding the 28th Division will be reprovved.
2. Officers responsible will be punished according to law. If the law provides for severe punishment such punishment will be inflicted.
3. Proclamations will be issued enjoining Chinese soldiers and civilians in the districts where there is mixed residence to accord considerate treatment to Japanese soldiers and civilians.
4. The Military Governor of Mukden will send a representative to Port Arthur to convey his regret when the Military Governor of Kwantung and the Japanese Consul General are there together.
5. *Solatium* of \$500 (five hundred dollars) will be given to the Japanese merchant Yoshimoto.

The Chengchiatun incident having originated in a conflict between Chinese and Japanese soldiers, the Chinese Government considers that all Japanese soldiers within the district should be withdrawn in order to prevent any future disturbance. On January 22 the Wai Chiao Pu requested the Japanese Minister to state on what date the Japanese soldiers stationed between Ssupinkai and Chengchiatun would be withdrawn. On the same day a reply was received from the Japanese Minister stating that when the five articles agreed upon are executed the Japanese troops sent to reinforce the Japanese detachment at the time of the incident will be withdrawn.

Throughout the negotiations the Chinese Government always animated by a spirit of compromise have been desirous of coming to a friendly settlement with Japan as proved by the concessions made. It confidently hopes that the Japanese Government will recognize this manifestation of good will and by the mutual exercise of great discipline and restraint in Manchuria in the future any recurrence of such regrettable incidents will be avoided.

Memorandum handed by the Japanese Minister to Dr. Chen Chin-tao, Acting Minister of Foreign Affairs

The Imperial Government of Japan feels that the unfortunate Chengchiatun incident should occur all of a sudden at a time when the relations between Japan and China have recently greatly improved, and their mutual friendship has, just then, marked the beginning of a new era, is a matter of deep regret. It, having made a careful investigation of the facts from all sides, is sincerely hoping for the rendition of an equitable decision based thereon. In a word, the present case arose out of the provocation on the part of the Chinese soldiers. Furthermore, the fact that the Japanese forces were invested and attacked by the Chinese soldiers admits of no doubt. Hence, it cannot be questioned but that the matter is a serious one. The Imperial Government, however, paying great regard to the relations between Japan and China, feels compelled to present this memorandum with a view to settling the case in dispute in a peaceful manner.

The Chinese Government is called upon to immediately effect the following provisions:

Punishment of the general commanding the 28th Division. The dismissal of all Chinese military officers responsible for this incident as well as the severe punishment of those who took direct part in the fracas.

Proclamations to be posted enjoining the whole body of the Chinese troops stationed in South Manchuria and Eastern Inner Mongolia, to refrain from again provoking the Japanese forces, or soldiers, or other Japanese subjects, by either word or act; such proclamation to be also widely published by all Chinese officials functioning in those regions for the general information of the public.

To agree that the Japanese Government may, with a view to the protection and government of the Japanese subjects in South Manchuria and Eastern Inner Mongolia, send Japanese police officers to function at those places where considered to be necessary; also let the Chinese officials in South Manchuria employ more Japanese to serve as police advisers.

The following are optional with the Chinese Government:

Every Chinese army headquarters stationed in South Manchuria and Eastern Inner Mongolia to employ a certain number of Japanese military officers as advisers.

Chinese military cadet schools to employ a certain number of Japanese military officers as instructors.

The Tu Chun of Fengtien Province to pay a personal visit, and to apologize to both the Governor of Kwantung and Japanese Consul-General in Mukden.

Adequate compensation to be paid to the sufferers or their families.

Note Verbale handed by the Japanese Minister to the Chinese Minister of Foreign Affairs

PEKING, the 5th day of the 1st month
of the 6th year of Taisho.

The statement that if the Chinese Government should employ foreign advisers on military affairs in South Manchuria, Japanese will be employed first, etc., has been made in the note dated May 25 of the 4th year of the Republic of China, annexed to the treaty respecting South Manchuria and Eastern Inner Mongolia. As the employment of Japanese military advisers will facilitate mutual understanding between the military authorities of the two countries, and further as

there is no doubt that this will help to prevent various troubles which may arise out of misunderstanding, the Imperial Government entertain the hope that the Chinese Government will continuously employ Japanese military advisers. However, it is not proper for the Imperial Government to insist upon this matter since it concerns the military affairs of the Chinese Government, and should therefore be left to the discretion of the Chinese Government.

Reply

PEKING, the 12th day of the 1st month of
the 6th year of the Republic of China.

The Minister of Foreign Affairs has the honor to acknowledge the receipt of the Japanese Minister's *note verbale* of January 5, stating that [Japanese note repeated]

The Minister of Foreign Affairs has to state that there is a Japanese military adviser already engaged in the Tuchun's Yamen at Fengtien. The *note verbale* is noted.

Note Verbale handed by the Japanese Minister to the Chinese Minister of Foreign Affairs

PEKING, the 5th day of the 1st month
of the 6th year of Taisho.

The Imperial Government hopes the Chinese Government will employ a number of Japanese military officers to be instructors in military cadet schools. This is aimed at helping the training of military officers who will in the future be appointed to the various localities in Manchuria and Mongolia, and also to enlighten the spirit of friendship between China and Japan. Thus, it may be expected that unfortunate incidents like the Chengchiatun case will not occur again and that the root of trouble may be exterminated permanently. However, it is not proper for the Imperial Government to insist upon this matter since it concerns the military affairs of the Chinese Government, and should therefore be left to the discretion of the Chinese Government.

Reply

PEKING, the 12th day of the 1st month of
the 6th year of the Republic of China.

The Chinese Minister of Foreign Affairs has the honor to acknowledge the receipt of the Japanese Minister's *note verbale* of January 5, stating that [Japanese note repeated].

The Minister of Foreign Affairs has to state that hitherto the military cadet school has employed only officers of the national army as instructors and there is at present no intention of employing any foreigner.

Note Verbale handed by the Japanese Minister to the Chinese Minister of Foreign Affairs

In an *aide memoire* handed by the Japanese Minister to (Dr.) Chen, late Minister of Foreign Affairs, on October 18, 1916, it was stated that in consequence of the operation of the treaty respecting South Manchuria and Eastern Inner Mongolia the Japanese subjects traveling and residing at those places will increase in number and the Imperial Government, with a view to controlling and protecting those Japanese subjects, consider it necessary to increase the establishment of police stations, of which the Chinese Minister of Foreign Affairs is already aware.

The Imperial Government consider that the said demand, in the event of its withdrawal, will expose the Japanese subjects visiting and residing at those places to danger, thus causing trouble and giving rise to serious complications with Chinese officials and citizens.

Inasmuch as it is the duty of the Imperial Government to protect Japanese subjects and its right to control them, not only it cannot view such occurrences with indifference but, in view of the friendly relations of the two nations, it also deems it its duty to take precautionary measures.

As the stationing of Japanese police officers is but a corollary of the right of extra-territoriality, not to speak of the fact that it does not in the least prejudice

Chinese sovereignty, it will help to improve the relations of the officials and people of the two countries and bring about the development of economic interests to no small degree.

Therefore the Imperial Government is convinced that the Chinese Government will, without doubt, give its consent and the Imperial Government has to add that while the Chinese Government is making up its mind and withholding its consent the Imperial Government will nevertheless be constrained to carry it into effect in case of necessity.

Dated the 5th day of the 1st month of the 6th Year of Taisho.

Reply

PEKING, the 12th day of the 1st month of
the 6th year of the Republic of China.

The Minister of Foreign Affairs has the honour to acknowledge the receipt of the Japanese Minister's *note verbale* of January 5, stating that [Japanese note repeated].

In reply the Minister of Foreign Affairs has to state that:

Whereas by virtue of the New Chino-Japanese Treaty "Japanese subjects shall be free to reside and travel in South Manchuria and to engage in business and manufacture of any kind whatsoever"; and the Japanese and Chinese may jointly undertake agricultural enterprises and industries incidental thereto in Eastern Inner Mongolia, the Chinese Government, in anticipation of the gradual increase in number of the Japanese subjects, therefore caused to be stipulated in Article 5 of the said treaty that the Japanese subjects in South Manchuria and Eastern Inner Mongolia shall submit to the Chinese police laws and ordinances, so as to enable the Chinese police to effectively discharge the functions of protection and control.

Since the reason in support of the Japanese proposal to station police officers was with a view to protect and control Japanese subjects, but as there are already treaty provisions there is no necessity to station Japanese police officers so as to avoid conflict with the Chinese police rights.

As the seven principal functions of the Japanese police officers, detailed in the *aide memoire* of October 18 last, are those either which should properly belong to the Chinese police, or those which are provided for by the existing treaties or those which are the duties of the constables (marshals) of consular courts, there is no necessity for the establishment of a Japanese police force, hence the question of police cannot be associated with extra-territoriality and the Chinese Government cannot recognize it as a corollary (of the right of extra-territoriality). Ever since the conclusion of extra-territoriality treaties between China and the foreign powers for several decades, no such claim has ever been heard.

Although the Japanese Minister has repeatedly declared that the said police would not interfere with Chinese local administration and police rights yet after serious consideration by the Chinese Government the stationing of foreign police within the confines of Chinese territory, no matter under whatever circumstances, is prejudicial to the spirit and form of Chinese sovereignty tending to cause misunderstanding on the part of the people, thus placing an impediment to the friendship of the two nations.

As regards the Japanese police stations already established the Chinese Government and the local authorities have repeatedly lodged their protests and have not accorded their recognition, nor is the Chinese Government able to admit the reasons for the stationing of Japanese police officers as stated in the *note verbale*.

This matter has no connection with the Chengchiatun case, and at the conferences the Japanese Minister has repeatedly expressed the desire to detach it from the Chengchiatun case. The Chinese Government considers it necessary to request the Japanese Government to abandon the matter. As the same time it is not to be construed as meaning that the Chinese Government has recognized any action to carry the matter into effect.

Note from the Japanese Minister to the Chinese Minister of Foreign Affairs

PEKING, the 22d day of the 1st month
of the 6th year of Taisho.

I have the honor to inform your excellency that with regard to the Chengchiatun affair for the settlement of which several conferences have been held between me and the Chinese Ministry of Foreign Affairs prior to your excellency's

assumption of office. The articles set forth hereunder have been mutually agreed upon and, with the exception of such modifications and alterations to the phraseology, as have been considered, no further negotiation is possible. I, therefore, take this opportunity to submit the same to your excellency's consideration, and to request that a reply to that effect will be given.

1. The general commanding the 28th Division to be reproved.

2. The Chinese military officers responsible for this incident to be punished according to law. If the law provides for severe punishment such punishment will be inflicted.

3. An official proclamation to be issued in the districts where there is mixed residence for the information of the soldiers and the people in general, to the effect that Japanese soldiers and subjects shall be accorded considerate treatment.

4. The Tu Chun of Fengtien Province to express, in an appropriate way, his regret to the Governor of Kwantung and the Japanese Consul General in Mukden when they are together at Port Arthur, but the method of this expression is left to the discretion of the said Tu Chun.

5. A *solatium* of \$500 is to be given to the Japanese merchant, Yoshimoto.

I avail [etc.]

Reply

PEKING, the 22d day of the 1st month of
the 6th year of the Republic of China.

I have the honor to acknowledge the receipt of your excellency's note of to-day, stating [here follows the Japanese Minister's note].

In reply I have to state that I have taken note of the above articles which I find are contained in the minutes of the several conferences and the records of this Ministry.

I avail [etc.]

Note from Chinese Minister of Foreign Affairs to Japanese Minister

PEKING, the 22d day of the 1st month of
the 6th year of the Republic of China.

With regard to the Japanese soldiers despatched by the Japanese Government and stationed between Ssuningkai and Chengchiatun, I have the honor to inquire of your excellency as to the date when they will commence to be withdrawn and also the date when the withdrawal will be completed.

I shall be obliged by a reply setting forth the above details.

I avail [etc.]

Reply

PEKING, the 22d day of the 1st month
of the 6th year of Taisho.

I have the honor to acknowledge the receipt of your excellency's note of to-day, asking for the withdrawal of the Japanese soldiers stationed between Ssuningkai and Chengchiatun. The Imperial Government of Japan is of opinion that the entire additional forces sent to be stationed at the said places in consequence of the occurrence of the Chengchiatun affair will be withdrawn, as soon as the whole arrangement embodied in the five articles which were agreed upon at the Chengchiatun negotiations has been carried out.

I avail [etc.]

Aide Memoire handed by Japanese Minister to Dr. Chen Chin-tao, Acting Minister of Foreign Affairs

Dated 18th day of the 10th month
of the 5th year of Taisho.

According to the new treaty concluded last year respecting South Manchuria and Eastern Inner Mongolia, Japanese subjects shall have the right of residence, travel and commercial and industrial trade in South Manchuria, and the right to undertake agricultural enterprises and industries incidental thereto in the eastern part of Inner Mongolia jointly with Chinese subjects. The number of Japanese subjects in South Manchuria and Eastern Inner Mongolia will, therefore, inevitably increase gradually. The Imperial Government of Japan considers

it necessary to station Japanese police officers in these regions for the purpose of controlling and protecting their own subjects. It is a fact that a number of Japanese police officers have already been stationed in the interior of South Manchuria and they have been recognized by the local officials of the localities concerned since intercourse has been conducted between them. The Imperial Government of Japan proposes gradually to establish additional stations for Japanese police officers in the interior of South Manchuria and Eastern Inner Mongolia wherever and whenever necessary. The localities where such stations for police officers are to be established will of course depend upon the number of Japanese subjects residing thereat and therefore cannot be specified in advance. Since this will involve great expense, it is unlikely that many police stations will be established at once. The organization of such stations for police officers will also depend upon the existing conditions of the localities selected and the number of Japanese subjects residing at such places. There will be only a few Japanese police officers at each station as established. The more important duties of such police officers are as follows:

1. To prevent Japanese subjects from committing crimes;
2. To protect Japanese subjects when attacked;
3. To search, arrest and escort Japanese prisoners under the jurisdiction of a Japanese consulate;
4. To attend to the enforcement of consular orders in connection with civil cases, such as the duties of the registrar;
5. Investigation and supervision of the personal standing of Japanese subjects;
6. Control and discipline of Japanese subjects, who violate the provisions of treaties between Japan and China; and
7. To see that Japanese subjects abide by the provisions of Chinese police regulations when the agreement between Japan and China respecting the same should actually come into force.

In short, the establishment of stations for Japanese police officers in South Manchuria and Eastern Inner Mongolia is based on consular jurisdiction, and its aim is efficiently to protect and discipline Japanese subjects, to bring about a completely satisfactory relationship between the officials and people of the two countries, and gradually to develop the financial relations between Japan and China. The Chinese Government is requested speedily to recognize the demands precisely as it has the establishment of consulates and consular agents in the interior of South Manchuria in pursuance of the policy to maintain the friendly relations between China and Japan.

File No. 793.94/564

Chargé Wheeler to the Secretary of State

AMERICAN EMBASSY,
Tokyo, April 4, 1917.

SIR: I have the honor to transmit herewith a translation made by this Embassy of the notes exchanged between Japan and China with regard to the Chengchiatun affair. This translation was made from the Japanese text as given by the Foreign Office to the press.

I have [etc.]

POST WHEELER

[Inclosure—Translation]

[Published by the Japanese Foreign Office on January 27, 1917]

With reference to the Chengchiatun affair, regarding which the Imperial (Japanese) Minister at Peking had been negotiating with the Chinese Government, the negotiations were recently concluded in the following manner:

I

On January 22 the following official notes were exchanged between the Imperial (Japanese) Minister and the Chinese Minister for Foreign Affairs.

The Japanese Minister to the Minister for Foreign Affairs

JANUARY 22, 1917.

SIR: I have the honor to state with reference to the Chengchiatun affair, that there is no room for amendment of wording or for further discussion with respect to the following items, which have already been agreed upon after successive conferences between me and your Department, held before your assumption of office.

I have [etc.]

BARON GONSUKE HAYASHI

(1) The commander of the Twenty-eighth Division to be reprimanded.

(2) The Chinese officers who are responsible each to be punished, and those who should be dealt with severely, to be as a matter of course so dealt with.

(3) The soldiers and people in general to be officially notified to the effect that they shall treat with proper courtesy Japanese soldiers and people in the mixed residence districts for Japanese subjects.

(4) The Military Governor (Tuchun) of Fengtien to express his apology in a proper manner; provided, however, that he shall do so at a time when the Governor of Kwantung and the Japanese Consul General to Mukden are both at Ryojun (Port Arthur), and that he shall determine in accordance with his own discretion the manner of doing so.

(5) Five hundred dollars to be given to the Japanese merchant Yoshimoto as a consolation fee.

The Minister for Foreign Affairs to the Japanese Minister

JANUARY 22, 1917.

SIR: I have the honor to acknowledge your note with reference to the Chengchiatun affair, to the effect that there is no room for amendment of wording or for further discussion with respect to the following items, which have already been agreed upon after successive conferences between you and this Department, before my assumption of office.

Upon referring to the minutes of the conferences and the documents concerned, I note that they accord with your statements.

I have [etc.]

WU TING-FANG

[Repeats demands in the note of the Japanese Minister]

II

On January 22 the following official notes were exchanged between the Imperial (Japanese) Minister and the Chinese Minister for Foreign Affairs.

The Minister for Foreign Affairs to the Japanese Minister

SIR: I have the honor to request to be informed in detail, in regard to the date from which the evacuation of the army of your country, stationed in the region along the road from Ssuping kai to Chengchiatun, will be commenced, and by what date the evacuation will be completed.

I have [etc.]

WU TING-FANG

The Japanese Minister to the Minister For Foreign Affairs

SIR: I have the honor to acknowledge your note dated today, regarding the evacuation of the Imperial (Japanese) army stationed in the region along the road from Ssuping kai to Chengchiatun.

In reply I have the honor to state that the Imperial (Japanese) Government will await the actual fulfilment of all of the five items recently agreed upon with reference to the Chengchiatun affair, when it intends immediately to evacuate all of the additional army despatched in connection with the occurrence of the Chengchiatun affair to that region.

BARON GONSUKE HAYASHI

III

On January 5 the Imperial Japanese Minister sent the following *note verbale* to the Chinese Minister for Foreign Affairs:

The Imperial Japanese Government desires that the Chinese Government employ Japanese military officers as instructors in Chinese military schools. This is based upon the idea that, by assisting to train the Chinese military officers to be dispatched in future to the region of Manchuria and Mongolia, and by making those military officers thoroughly understand the spirit of cordial relations between Japan and China, the root of the occurrence of such unfortunate affairs, as that of Chengchiatun, may be permanently removed. Since, however, this matter concerns the military administration of your country, it is not convenient for the Imperial (Japanese) Government to insist thereon, it desires that your Government consider the matter of its own accord.

On January 12 in reply to the foregoing, the Chinese Minister for Foreign Affairs sent the following *note verbale* to the Imperial (Japanese) Minister.

According to your *note verbale* dated January 5, "The Imperial (Japanese) Government desires that the Chinese Government employ several Japanese military officers as instructors in the Chinese military schools. This is based upon the idea that, by assisting to train the Chinese military officers to be dispatched in future to the regions of Manchuria and Mongolia, and by making those military officers thoroughly understand the spirit of cordial relations between Japan and China, the root of the occurrence of such unfortunate affairs as that of Chengchiatun may be permanently removed. Since, however, this matter concerns the military administration of your country, it is not convenient for the Imperial (Japanese) Government to insist thereon, it desires that your Government consider the matter of its own accord." With respect to this matter the Military Academy conducts with military officers of this country, and it has yet no intention of employing foreigners as instructors.

IV

On January 5, the Japanese Minister sent the following *note verbale* to the Chinese Minister for Foreign Affairs.

In a note dated May 25, 1915, attached to the Japanese-Chinese Treaty relating to South Manchuria and Eastern Inner Mongolia, the Chinese Government declared that when it intends to employ foreign military advisers in South Manchuria it would first employ Japanese. There is no doubt that the employment of Japanese military advisers will contribute a great deal to promote understanding between the military authorities of both countries, and will thereby contribute a great deal to the object of preventing the various causes of troubles liable to arise through misunderstanding of one another. Therefore, the Imperial (Japanese) Government desires that Japanese military officers be successively employed in South Manchuria as military advisers. Since, however, this matter concerns the military administration of your country, it is not convenient for the Imperial Japanese Government to insist thereon, and it desires that your Government consider the matter of its own accord.

In reply to the foregoing, on January 12, the Chinese Minister for Foreign Affairs sent the following *note verbale* to the Imperial Japanese Minister.

According to your *note verbale* dated January 5, "In a note dated May 25, 1915, attached to the Japanese-Chinese Treaty relating to South Manchuria and Eastern Inner Mongolia, the Chinese Government declared that when it intended to employ foreign military advisers in South Manchuria, it would first employ Japanese. There is no doubt that the employment of Japanese military advisers will contribute a great deal to promote understanding between the military authorities of both countries, and will thereby contribute a great deal to the object of preventing the various causes of troubles liable to arise through misunderstanding of one another. Therefore, the Imperial (Japanese) Government desires that Japanese military officers be successively employed in South Manchuria as military advisers. Since, however, this matter concerns the military administration of your country, it is not convenient for the Imperial Japanese Government to insist thereon, and it desires that your Government consider the matter of its own accord." With respect to the foregoing, in the office of the military governor at Mukden military officers of your Government are already employed. The purport of your note has been duly examined and fully understood.

V

On January 5 the Japanese Minister sent the following *note verbale* to the Chinese Minister for Foreign Affairs.

As fully explained in a *note verbale* handed by the Imperial Japanese Minister to Mr. Chen, the preceding Chinese Minister for Foreign Affairs, on October 18, last year, as a result of the enforcement of the Chinese-Japanese Treaty relating to South Manchuria and Inner Mongolia, the number of Japanese subjects in those regions will increase in future, the Imperial (Japanese) Government will increase the establishment of Japanese police stations in those regions, and therefore for the purpose of their control and protection, were the Imperial (Japanese) Government to withdraw its demand in this case, there is no doubt that it would not only cause great uneasiness in regard to the residence and travel of Japanese subjects in those regions, but would also give rise to causes of troubles between Japanese subjects and Chinese officials and people, eventually leading to grave complications. Since the Imperial (Japanese) Government has the duty of giving necessary protection to, and the right of exercising control over the subjects of its own country, not only can it not regard with silence the development of a state of affairs of this kind, but from the point of view of seeking harmony in the international relations between Japan and China, it has also the duty of exhausting every means for preventing the development of such a state of affairs.

It takes for granted that the stationing of the Imperial Japanese police at those stations, being a natural measure attendant on the right of consular jurisdiction, is not an infringement of the sovereign rights of China, but rather will improve the relations between Japanese subjects, the Chinese officials and people, and contribute not a little to the advancement of the economic relations of both countries, wherefore although the Imperial (Japanese) Government firmly believes that the Chinese Government will express its concurrence therein, it hereby declares that in case the Chinese Government should hesitate to give its concurrence, the Imperial (Japanese) Government will become obliged, in accordance with necessity, to execute it (the demand).

In reply to the foregoing on January 12 the Chinese Minister for Foreign Affairs sent the following *note verbale* to the Japanese Minister.

According to your *note verbale* dated January 5—[Repeats above *note verbale*.]

With respect to the foregoing, in accordance with the Japanese-Chinese Treaty, Japanese subjects may reside and travel and carry on industrial and commercial enterprises in South Manchuria; conduct agriculture and industries necessary thereto in cooperation with Chinese citizens. As the Chinese Government anticipated that the number of Japanese subjects would gradually increase, according to Article 5 of the said treaty, it was provided that Japanese subjects in South Manchuria and Eastern Inner Mongolia should submit to Chinese police laws and regulations. The Chinese police would be able to discharge the duty of protection and supervision. Nevertheless, the object of your country in posting police is the protection and supervision of its subjects. As provisions of treaty with respect thereto already exist, it is deemed best not to have any collisions with the Chinese right of policing through the new establishment of the police of your country. As also shown in the explanatory statement dated October 18, 1916, regarding the stationing of police it is clear that there is no necessity for establishing police of your country, there being some (offices) that belong to the Chinese right of policing, some that are provided by treaty, and others that pertain to functions of the sheriffs of the consular courts. The policing question mentioned in the present paragraph has nothing whatever to do with the so-called extra-territorial jurisdiction; and the Government cannot recognize it a proper measure; and since the conclusion of treaties with foreign nations, nothing similar hereto has ever yet taken place. You have repeatedly declared that the police mentioned in the present paragraph would not interfere with Chinese local administration or right of policing, according to mature consideration of this Government, the stationing of foreign police in Chinese territory, whatever may be the circumstances, would be obstructive both in spirit and in form of the sovereignty of China. Moreover it would be liable to create misunderstanding on the part

of the people, and would rather be an obstacle to the cordial relations between the two countries. With respect to the police stations already established, the government and the local officials having protested one after another, and have never consented thereto. Therefore, the reasons for posting police of your country, stated in the *note verbale* cannot be recognized. Moreover, as the present question has nothing whatever to do with Chengchiatun, and as you have also held the view that the present question should be separated from that of Chengchiatun, I trust your Government will not again propose this question, and will not consider that the Chinese Government has approved the execution of the present question.

VI

The Chinese Government has declared to the Imperial Japanese Minister that it has the intention of employing more Japanese police advisers in future in the office of the governor of Fengtien Province.

(Remark) The opinion and attitude of the Imperial (Japanese) Government toward the contention of the Chinese Government stated in the foregoing reply, have already been declared in the *note verbale* of the Imperial (Japanese) Minister above set forth.

File No. 793.94/568

Consul General Baker to the Secretary of State

[Extract]

No. 24

AMERICAN CONSULATE GENERAL,
Mukden, April 19, 1917.

SIR: I have the honor to state that the Japanese have withdrawn their troops which were stationed between Ssupingkai and Chengchiatun. They reached Tiehling on the 16th instant where they will be retained for the present. Every article of the Chengchiatun agreement has finally been complied with and the incident is now considered closed. * * *

I have [etc.]

E. CARLTON BAKER

**CLAIM OF JAPAN TO SPECIAL AND CLOSE RELATIONS WITH CHINA.
ATTITUDE OF THE UNITED STATES. EXCHANGE OF LANSING-
ISHII NOTES. ATTITUDE OF CHINA. PREMATURE PUBLICITY
GIVEN TO THE NOTES**

File No. 701.9411/177

The Japanese Ambassador to the Secretary of State

JAPANESE EMBASSY,
Washington, June 14, 1917.

SIR: Pursuant to instructions from Viscount Motono, I have the honor to inform you that Viscount Kikujiro Ishii, former Minister for Foreign Affairs, was on June 13 appointed to be Ambassador Extraordinary and Plenipotentiary and ordered to proceed to the United States. His suite will be composed of Isamu Takeshita, Vice Admiral, I. J. N.; Hisaichi Sugano, Major General, I. J. A.; Matsuzo Nagai, Secretary of the Foreign Office; Masataka Ando, Commander, I. J. N.; Seiji Tanikawa, Infantry Major, I. J. A.; and Tadanao Imai, Vice Consul.

Accept [etc.]

AIMARO SATO

File No. 793.94/570

The Japanese Ambassador to the Secretary of State

This paper bears the following marginal note: "This the Japanese Amb. read to me as an oral communication. It is not to be considered a document. June 15/17 RL"]

That Japan has special and close relations, political as well as economic, with China, is well and has long been understood by the American Government. In a note dated March 13, 1915,⁵⁴ addressed to Viscount Chinda, my predecessor, by Mr. Bryan, the then Secretary of State, he recognized this state of affairs and declared that the activity of Americans in China had never been political. Reposing confidence in this statement, the Japanese Government has attached no importance to the recent rumor repeatedly finding its way to the press despatches from China to the effect that the American Minister at Peking was more or less involved in the present political crisis in China. Again, with regard to the recent important representations made by the American Government to the Chinese Government relative to the political situation in China without previously consulting Japan,⁵⁵ the Japanese Government does not entertain the slightest doubt as to the fair and unselfish motives of the United States Government. However, it is constrained, much to its regret, to recognize as a fact that, since the Japanese public is specially sensitive toward Chinese problems, this action of the American Government, in conjunction with the rumor aforementioned, has generated in the minds of a certain part of the people a feeling of uneasiness. In such circumstance, the Japanese Government believes that if the United States Government sees its way by some appropriate means to confirming the statement made by Mr. Bryan and clearly reasserting its friendly attitude toward Japan in respect of Chinese problems, it would leave a good impression on the minds of the Japanese public and would certainly contribute in no small measure to the friendly relations between our two nations, and accordingly it now communicates its conviction most frankly to the American Government and desires to be informed of the latter's opinion.

File No. 893.00/2618

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, June 18, 1917, 4 p. m.

Today the Minister for Foreign Affairs gave me a copy of the memorandum handed on June 15, to the Secretary of State by Ambassador Sato. Mr. Shidehara informs me that telegram from the latter received this morning advises that the Secretary of State "expressed himself as quite in accord with the deep sense of the memorandum and stated that from more recent developments in China he was inclined to think the necessity for presenting an identic representation such as had been suggested had now disappeared."

WHEELER

⁵⁴ For. Rel. 1915, p. 105.⁵⁵ Telegram of June 4, 1917, to the American Minister at Peking, printed under Political Affairs, p. 49.

File No. 701.9411/177

The Secretary of State to the Japanese Ambassador

No. 32

DEPARTMENT OF STATE,
Washington, June 22, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of the 14th instant by which you inform the Department that Viscount Kikujiro Ishii, formerly Japanese Minister for Foreign Affairs, was, on June 13, appointed Ambassador Extraordinary and Plenipotentiary and ordered to proceed to the United States, and that his suite will be composed of Isamu Takeshita, Vice Admiral, I. J. N.; Hisaichi Sugano, Major General, I. J. A.; Matsuzo Nagai, Secretary of the Foreign Office; Masataka Ando, Commander, I. J. N.; Seiji Tanikawa, Infantry Major, I. J. A.; and Tadanao Imai, Vice Consul.

The Government of the United States will be happy to receive this Mission; and, if you will be so good as seasonably to advise the Department of the time when the Mission may be expected to arrive and of the port where they will arrive, the Department will take pleasure in arranging with the Treasury Department for the extension to them of the usual customs courtesies and free entry privileges.

Accept [etc.]

ROBERT LANSING

File No. 793.94/570

The Secretary of State to the Japanese Ambassador

As evidence of the friendly attitude of the United States toward Japan in respect to questions relative to China, the American Government is pleased to remove any doubts which may arise as to its purposes by reaffirming the statements made in the note of Secretary Byran to Viscount Chinda, dated March 13, 1915.⁵⁶ In that note Secretary Bryan, after reviewing what he termed the

beginnings of the policy of the United States and other Powers interested in the welfare of China for the maintenance of the territorial integrity and administrative entity of China and for equal opportunities in commerce and industries in her behalf,

and after pointing out in what respects the proposals made by Japan to China in 1915 (in so far as the objects and purposes of those proposals were known and understood by the United States Government at the time) were in derogation of the policy mentioned as well as of the understanding based upon the exchange of notes of November 30, 1908,⁵⁷ and the treaty rights of the United States in China, said in conclusion:

The United States, therefore, could not regard with indifference the assumption of political, military, or economic domination over China by a foreign Power, and hopes that your excellency's Government will find it consonant with their interests to refrain from pressing upon China an acceptance of proposals which would, if accepted, exclude Americans from equal participation in the economic and industrial development of China and would limit the political independence of that country. * * *

The United States Government embraces this opportunity to make known that it has viewed the aspirations of Japan in the Far East with that friendship

⁵⁶ For. Rel. 1915, p. 105.⁵⁷ For. Rel. 1908, p. 510.

and esteem which have characterized the relations of the two nations in the past. This Government cannot too earnestly impress upon your excellency's Government that the United States is not jealous of the prominence of Japan in the East or of the intimate cooperation of China and Japan for their mutual benefit. Nor has the United States any intention of obstructing or embarrassing Japan, or of influencing China in opposition to Japan. On the contrary, the policy of the United States, as set forth in this note, is directed to the maintenance of the independence, integrity and commercial freedom of China and preservation of legitimate American rights and interests in that Republic.

I desire to direct your excellency's attention to the fact that, while Mr. Bryan's note thus expressed the views of the United States in regard to international relations in the Far East, I do not find that it anywhere went to the extent of stating or recognizing that Japan has special and close relations, political as well as economic, with China as a whole, as your excellency stated at our interview on June 15 last. Mr. Bryan merely said that the United States recognized that territorial contiguity created special relations between Japan and the districts of Shantung, Southern Manchuria and East Mongolia, but he did not admit that the United States might not in the future be justified in expressing its views in regard to Chino-Japanese relations involving even these districts. This view is borne out by the fact that Mr. Bryan felt justified in his communication of May 11, 1915,⁵⁸ in declining to recognize any agreement or understanding entered into then or thereafter between Japan and China impairing the treaty rights of the United States, the political or territorial integrity of China, or the international policy of the open door.

As the official memorandum which your excellency handed me on June 15 referred to Japan's interests both political and economic in China as "paramount," and as Mr. Shidehara informed the American Chargé at Tokyo that your excellency had telegraphed to your Government that I had expressed myself as quite in accord with the deep sense of the memorandum, I feel that in this restatement of the attitude of the United States Government I ought to make it clear to your excellency that I had no intention in our conversation of June 15 to convey the impression that this Government recognized that Japan possessed in China a paramount interest. It was my intention to vary in no way the formal declaration of Mr. Bryan, and, as I recall my language, I did not employ the word "paramount" but spoke of "special" interest in the same sense in which the term was used in the note of March 13, 1915.

The United States has no political ambitions in respect to China, but its historic interest in the welfare of the Chinese people and the territorial and administrative integrity of the Republic, its treaty relations and extensive commerce with China, render it impossible for the United States to be indifferent to matters affecting these interests, which the civil dissension in China, according to reports, threatened to do. As, however, the factional difficulties did not seem to threaten the *status quo* in the region of the Pacific and the principle of equal opportunity, there would seem to have been no necessity under the Agreement of 1908 to communicate to the Japanese Government the intention of the United States Government to express to China its views on the internal dissension in that country and its interest and hope in the composing of the political difficulties, but with the purpose of avoiding any possible misunderstanding on

⁵⁸ For. Rel. 1915, p. 146.

the part of your excellency's Government as to the motives of this Government, the subject of the proposed communication to China was promptly brought to the attention of the Japanese Government, notwithstanding the fact that the Japanese proposals of 1915 were made to China several weeks before Japan acquainted the United States with them in accordance with the exchange of notes in 1908. In the case of the Japanese demands growing out of the Cheng Chia Tun trouble, the United States was not informed of the action of Japan until after inquiry had been made by this Government.

In taking the action which has led to the representations by the Japanese Government the United States Government is of the opinion it has departed in no way from its traditional policy towards China or from the views expressed by Mr. Bryan in 1915, in neither of which has the United States claimed the prerogative to control China's political development nor recognized the right or paramount interest of any other country to extend political influence over China.

DEPARTMENT OF STATE,
Washington, July 6, 1917.

File No. 793.94/570

The Acting Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,
Washington, July 10, 1917, 6 p. m.

On June 15 the Japanese Ambassador read to me an informal communication the substance of which is as follows:

It is well understood that Japan has special and close relations, political as well as economic, with China. In a note dated March 13, 1915, from Mr. Bryan to Viscount Chinda,⁵⁹ the former recognized the special position above-mentioned and declared the activity of Americans in China had never been political. Relying on this statement the Japanese Government has placed little faith in the rumors frequently current in press despatches from China to the effect that the American Minister at Peking was more or less involved in the present political crisis in China. Again, in connection with the representations made to the Chinese Government by the American Government without first consulting Japan, the Japanese Government has no doubt of the unselfish motives and fairness of the Government of the United States.⁶⁰ The Japanese Government, much to its regret, is constrained, however, to recognize as a fact that, since the Japanese public is sensitive towards Chinese problems, the action of the American Government in sending the note to China generated in the minds of a certain part of the people of Japan a feeling of uneasiness. The Japanese Government believes, under these circumstances, that if the Government of the United States sees its way by some appropriate means to confirm the statement made by Mr. Bryan and to reassert its friendly attitude towards Japan with regard to Chinese problems, a good impression would be made on the minds of the Japanese public and the friendly relations of the two nations would be strengthened. Accordingly, the Japanese Government

⁵⁹ For. Rel. 1915, p. 105.

⁶⁰ See telegrams of June 8 and 9, 1917, from the American Chargé d'Affaires at Tokyo, printed under Political Affairs, p. 58.

frankly communicates its conviction to the American Government and desires to be informed of the latter's opinion.

In reply to Ambassador Sato's informal representations I handed to him on July 6 an informal memorandum the substance of which is as follows: [See note of July 6, 1917, to the Japanese Ambassador above.]

POLK

File No. 793.94/570

*The Secretary of State to Minister Reinsch*⁶¹

No. 663

DEPARTMENT OF STATE,
Washington, August 14, 1917.

SIR: The Department sends herewith for your strictly confidential information, copy of a signed memorandum dated July 6, 1917, to the Japanese Ambassador in this capital, relative to Japan's claim to a preferential position in China.

The above memorandum was in reply to oral representations made to the Department on June 15, 1917, by the Japanese Ambassador, the substance of which was that Japan has special and close relations, political as well as economic, with China and that the American Government has long and well understood that these close relations existed; that in a note dated March 13, 1915,⁶² addressed to Viscount Chinda by Mr. Bryan, the then Secretary of State, recognized this state of affairs and declared that the activity of Americans in China had never been political. Reposing confidence in this statement the Japanese Government attached no importance to the recent rumor repeatedly finding its way to the press depatches from China to the effect that the American Minister at Peking was more or less involved in political affairs in the political crisis in China.

Adverting to the note of the American Government to the Chinese Government relative to the political situation in China,⁶³ which note was sent without previously consulting Japan, the Japanese Ambassador stated that his Government did not entertain the slightest doubt as to the fair and unselfish motives of the United States Government. However, it was constrained, much to its regret, to recognize as a fact that, inasmuch as the Japanese public is specially sensitive toward Chinese problems, the action of the American Government in sending the note in conjunction with the rumor hereinbefore mentioned, has caused in the minds of a certain part of the people a feeling of uneasiness. Under the circumstances, therefore, the Japanese Government expressed the hope that if the United States Government could see its way clear by some appropriate means to confirm the statement made by Mr. Bryan and to clearly reassert its friendly attitude toward Japan in respect to Chinese problems, a good impression would be left on the minds of the Japanese public and would contribute in no small measure to the friendly relations existing between the two nations. The Ambassador asked to be informed regarding the attitude of the American Government on this subject.

I am [etc.]

ROBERT LANSING

⁶¹ The same to the American Charge d'Affaires at Tokyo. (No. 469.)

⁶² For. Rel. 1915, p. 105.

⁶³ See Department's telegram of June 4, 1917, to the American Minister at Peking, under Political Affairs, p. 49.

Treaty Series No. 630

AGREEMENT EFFECTED BY EXCHANGE OF NOTES BETWEEN THE
UNITED STATES AND JAPAN

MUTUAL INTEREST RELATING TO THE REPUBLIC OF CHINA

The Secretary of State to the Japanese Ambassador on Special Mission
DEPARTMENT OF STATE,
Washington, November 2, 1917.

EXCELLENCY: I have the honor to communicate herein my understanding of the agreement reached by us in our recent conversations touching the questions of mutual interest to our Governments relating to the Republic of China.

In order to silence mischievous reports that have from time to time been circulated, it is believed by us that a public announcement once more of the desires and intentions shared by our two Governments with regard to China is advisable.

The Governments of the United States and Japan recognize that territorial propinquity creates special relations between countries, and, consequently, the Government of the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous.

The territorial sovereignty of China, nevertheless, remains unimpaired and the Government of the United States has every confidence in the repeated assurances of the Imperial Japanese Government that while geographical position gives Japan such special interests they have no desire to discriminate against the trade of other nations or to disregard the commercial rights heretofore granted by China in treaties with other powers.

The Governments of the United States and Japan deny that they have any purpose to infringe in any way the independence or territorial integrity of China and they declare, furthermore, that they always adhere to the principle of the so-called "open door" or equal opportunity for commerce and industry in China.

Moreover, they mutually declare that they are opposed to the acquisition by any Government of any special rights or privileges that would affect the independence or territorial integrity of China or that would deny to the subjects or citizens of any country the full enjoyment of equal opportunity in the commerce and industry of China.

I shall be glad to have your excellency confirm this understanding of the agreement reached by us.

Accept [etc.]

ROBERT LANSING

The Japanese Ambassador on Special Mission to the Secretary of State

THE SPECIAL MISSION OF JAPAN,
Washington, November 2, 1917.

SIR: I have the honor to acknowledge the receipt of your note of to-day, communicating to me your understanding of the agreement reached by us in our recent conversations touching the questions of mutual interest to our Governments relating to the Republic of China.

I am happy to be able to confirm to you, under authorization of my Government, the understanding in question set forth in the following terms:

In order to silence mischievous reports that have from time to time been circulated, it is believed by us that a public announcement once more of the desires and intentions shared by our two Governments with regard to China is advisable.

The Governments of Japan and the United States recognize that territorial propinquity creates special relations between countries, and, consequently, the Government of the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous.

The territorial sovereignty of China, nevertheless, remains unimpaired and the Government of the United States has every confidence in the repeated assurances of the Imperial Japanese Government that while geographical position gives Japan such special interests they have no desire to discriminate against the trade of other nations or to disregard the commercial rights heretofore granted by China in treaties with other Powers.

The Governments of Japan and the United States deny that they have any purpose to infringe in any way the independence or territorial integrity of China and they declare, furthermore, that they always adhere to the principle of the so-called "open door" or equal opportunity for commerce and industry in China.

Moreover, they mutually declare that they are opposed to the acquisition by any government of any special rights or privileges that would affect the independence or territorial integrity of China or that would deny to the subjects or citizens of any country the full enjoyment of equal opportunity in the commerce and industry of China.

I take [etc.]

K. ISHII

File No. 793.94/583

Ambassador Morris to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, November 2, 1917, 12 p. m.

Text stated to be that [of the?] proposed joint note, in reference to China, was confidentially given two days ago⁶⁴ by the Minister for Foreign Affairs to the other Ambassadors here to take note of and to communicate to their Governments. I am informed that he stated that it would be signed without doubt in a day or two.

MORRIS

File No. 793.94/587

Minister Reinsch to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Peking, November 4, 1917, 11 p. m.

Japanese Minister has shown me the text of your note to Baron Ishii in which the American Government recognizes the special inter-

⁶⁴ November 1, 1917. See Ambassador Morris's despatch No. 7, November 16, 1917, *post.* p. 271.

ests of Japan in China. While I understand that the reasons which prompted this momentous decision are confidential, I have the honor to ask whether at the time of publication of this note you desire me to present to the Chinese officials any explanation of this action which so profoundly affects their interests and which at first sight appears a reversal of American policy in China.

REINSCH

File No. 793.94/588

AMERICAN LEGATION,
Peking, November 5, 1917, noon.

Japanese Legation yesterday handed to the Foreign Office copy of the note to Ishii, stated to have been [signed by?] [yourself?] on November 2. The Foreign Office is making inquiry here. This Legation is in a highly embarrassing position having received no information.

REINSCH

File No. 793.94/589c

The Secretary of State to Ambassador Morris

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, November 5, 1917, 2 p. m.

The following notes were exchanged on November 2 between Viscount Ishii and myself: [Quotes notes exchanged, printed *ante*.]

By agreement with Viscount Ishii the notes will be made public here on November 6 and in Japan on November 7. When the notes are given out the following statement will be given to the press by the Department:

Viscount Ishii and the other Japanese Commissioners who are now on their way back to their country have performed a service to the United States as well as to Japan which is of the highest value.

There had unquestionably been growing up between the peoples of the two countries a feeling of suspicion as to the motives inducing the activities of the other in the Far East, a feeling which, if unchecked, promised to develop a serious situation. Rumors and reports of improper intentions were increasing and were more and more believed. Legitimate commercial and industrial enterprises without ulterior motive were presumed to have political significance, with the result that opposition to those enterprises were aroused in the other country.

The attitude of constraint and doubt thus created was fostered and encouraged by the campaign of falsehood, which for a long time had been adroitly and secretly carried on by Germans, whose Government as a part of its foreign policy desired especially to so alienate this country and Japan that it would be at the chosen time no difficult task to cause a rupture of their good relations. Unfortunately there were people in both countries, many of whom were entirely honest in their beliefs, who accepted every false rumor as true, and aided the German propaganda by declaring that their own Government should prepare for the conflict, which they asserted was inevitable, that the interests of the two nations in the Far East were hostile, and that every activity of the other country in the Pacific had a sinister purpose.

Fortunately this distrust was not so general in either the United States or Japan as to affect the friendly relations of the two Governments, but there is no doubt that the feeling of suspicion was increasing and the untrue reports were receiving more and more credence in spite of the earnest efforts which were made on both sides of the Pacific to counteract a movement which would jeopardize the ancient friendship of the two nations.

The visit of Viscount Ishii and his colleagues has accomplished a great change of opinion in this country. By frankly denouncing the evil influences which have been at work, by openly proclaiming that the policy of Japan is not one of aggression, and by declaring that there is no intention to take advantage commercially or industrially of the special relation to China created by geographical position, the representatives of Japan have cleared the diplomatic atmosphere of the suspicions which had been so carefully spread by our enemies and by misguided or overzealous people in both countries. In a few days the propaganda of years has been undone, and both nations are now able to see how near they came to being led into the trap which had been skillfully set for them.

Throughout the conferences which have taken place Viscount Ishii has shown a sincerity and candor which dispelled every doubt as to his purpose and brought the two Governments into an attitude of confidence toward each other which made it possible to discuss every question with frankness and cordiality. Approaching the subjects in such a spirit and with the mutual desire to remove every possible cause of controversy the negotiations were marked by a sincerity and good will which from the first insured their success.

The principal result of the negotiations was the mutual understanding which was reached as to the principles governing the policies of the two Governments in relation to China. This understanding is formally set forth in the notes exchanged and now made public. The statements in the notes require no explanation. They not only contain a reaffirmation of the "open door" policy, but introduce a principle of noninterference with the sovereignty and territorial integrity of China, which, generally applied, is essential to perpetual international peace, as clearly declared by President Wilson, and which is the very foundation also of Pan Americanism as interpreted by this Government.

The removal of doubts and suspicions and the mutual declaration of the new doctrine as to the Far East would be enough to make the visit of the Japanese Commission to the United States historic and memorable, but it accomplished a further purpose, which is of special interest to the world at this time, in expressing Japan's earnest desire to cooperate with this country in waging war against the German Government. The discussions, which covered the military, naval and economic activities to be employed with due regard to relative resources and ability, showed the same spirit of sincerity and candor which characterized the negotiations resulting in the exchange of notes.

At the present time it is inexpedient to make public the details of these conversations, but it may be said that this Government has been gratified by the assertions of Viscount Ishii and his colleagues that their Government desired to do their part in the suppression of Prussian militarism and were eager to cooperate in every practical way to that end. It might be added, however, that complete and satisfactory understanding upon the matter of naval cooperation in the Pacific for the purpose of attaining the common object against Germany and her allies have been reached between the representative of the Imperial Japanese Navy, who is attached to the Special Mission of Japan, and the representative of the United States Navy.

It is only just to say that the success, which has attended the intercourse of the Japanese Commission with American officials and with private persons as well, is due in large measure to the personality of Viscount Ishii, the head of the mission. The natural reserve and hesitation, which are not unusual in negotiations of a delicate nature, disappeared under the influence of his open friendliness, while his frankness won the confidence and good will of all. It is doubtful if a representative of a different temper could in so short a time have done as much as Viscount Ishii to place on a better and firmer basis the relations between the United States and Japan. Through him the American people have gained a new and higher conception of the reality of Japan's friendship for the United States which will be mutually beneficial in the future.

Viscount Ishii will be remembered in this country as a statesman of high attainments, as a diplomat with a true vision of international affairs, and as a genuine and outspoken friend of America.

Communicate textually to the Foreign Office the above press statement and repeat it to Peking immediately for information only.

LANSING

File No. 793.94/589a

The Secretary of State to Minister Reinsch

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, November 5, 1917, 4 p. m.

The following notes were exchanged on November 2 between Viscount Ishii and myself: [Quotes notes exchanged, printed *ante*.]

By agreement with Viscount Ishii the notes will be made public here on November 6 and in Japan on November 7.

Your telegrams of November 4, 11 p. m., and November 5, noon.

You may say to the Foreign Office:

The visit of the Imperial Japanese Mission to the United States afforded an opportunity for free and friendly discussion of interests of the United States and Japan in the Orient. By openly proclaiming that the policy of Japan, as regards China, is not one of aggression, and by declaring that there is no intention to take advantage, commercially or industrially, of the special relations to China created by geographical position, the representatives of Japan have cleared the diplomatic atmosphere of the suspicions which had been so carefully spread by German propaganda.

The Governments of the United States and Japan again declare their adherence to the open door policy and recommit themselves, as far as these two Governments are concerned, to the maintenance of equal opportunity for and the full enjoyment by the subjects or citizens of any country in the commerce and industry of China. Japanese commercial and industrial enterprises in China manifestly have, on account of the geographical relation of the two countries, a certain advantage over similar enterprises on the part of the citizens or subjects of any other country.

The Governments of the United States and Japan have taken advantage of a favorable opportunity to make an exchange of expressions with respect to their relations with China. This understanding is formally set forth in the notes exchanged and now transmitted. The statements in the notes require no explanation. They not only contain a reaffirmation of the open door policy but introduce a principle of noninterference with the sovereignty and territorial integrity of China, which, generally applied, is essential to perpetual international peace, as has been so clearly declared by President Wilson.

Statement to be given to the press on November 6 will be telegraphed you from Tokyo.

LANSING

File No. 793.84/589a

*The Secretary of State to the British Ambassador*⁶⁵

No. 1875

DEPARTMENT OF STATE,
Washington, November 5, 1917.

EXCELLENCY: I have the honor to enclose herewith for your information copies of notes exchanged on November 2, 1917, between the Governments of the United States and Japan, declaring the policy of the two Governments as regards China.

By agreement with Viscount Ishii the notes will be made public here on the afternoon of November 6 and in Japan on November 7.

I have [etc.].

ROBERT LANSING

⁶⁵ *Mutatis mutandis* to the French, Italian and Russian Ambassadors and the Belgian Minister at Washington.

File No. 793.94/589d

The Secretary of State to Ambassador Page

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, November 6, 1917

For your information and appropriate publicity. Repeat to Paris, Berne, The Hague, Copenhagen, Christiania, Stockholm, Rome for similar use.

On November 2 I addressed Viscount Ishii, Special Japanese Ambassador, the following note giving the policy of the United States and Japan in regard to China: [Quotes notes exchanged, printed *ante*.]

Viscount Ishii, in his reply, confirmed verbatim the understanding set forth in my note.

In giving these communications to the press today I issued the following statement: [Quotes statement printed in Department's telegram of November 5, 1917, to the American Embassy at Tokyo, printed *ante*.]

LANSING

File No. 793.94/588

The Secretary of State to Ambassador Morris

[Telegram]

DEPARTMENT OF STATE,
Washington, November 6, 1917, 5 p. m.

The Department is in receipt of information from the American Legation at Peking to the effect that the Japanese Minister there on November 4 (November 3, Washington time) handed to the Chinese Foreign Office a copy of the notes recently signed by me and Viscount Ishii.

The newspapers of the morning of the 6th also print an Associated Press story from Peking under date of November 5 stating that the Japanese Minister had informed the Chinese Foreign Office that the United States had recognized Japan's special interests in China and that both Governments had reaffirmed the open door. In view of the fact that it was agreed between the Governments that the notes should not be made public in this country until the afternoon of the 6th and not in Japan until the morning of the 7th, this premature announcement of the contents of the notes has caused the Department much embarrassment and created a very bad impression because of the seeming violation of the understanding as to publication.

You are instructed to present these facts to the Minister of Foreign Affairs and to request an investigation to determine the responsibility for the premature publicity given the notes in Peking which is so manifestly violative of the agreement of the two Governments. You may state that I am convinced that Viscount Motono must resent as I do this failure to preserve the confidential character of the notes until the time agreed upon between the two Governments for their publication.

Repeat above to Peking for its information, referring to Peking's November 5, 12 noon, to the Department.

LANSING

File No. 793.94/593a

The Secretary of State to American Missions in Latin America except Haiti and Santo Domingo

[Circular telegram]

DEPARTMENT OF STATE,
Washington, November 10, 1917, 7 p. m.

For publicity. Mail to Consuls. Following is the text of note sent by Secretary of State to Viscount Ishii, special Japanese Ambassador which Ishii confirmed in identic reply: [Quotes notes exchanged with Viscount Ishii, printed *ante*.]

In publishing foregoing Secretary of State issued following statement: [Quotes statement printed in Department's telegram of November 5, 1917, to the American Embassy at Tokyo.]

LANSING

File No. 793.84/603

The Chinese Minister to the Secretary of State

[Marginal note "Handed me by Chinese Minister November 12, 1917. R.L."]

DECLARATION OF THE CHINESE GOVERNMENT CONCERNING THE NOTES
EXCHANGED BETWEEN THE GOVERNMENTS OF THE UNITED STATES
AND JAPAN DATED NOVEMBER 2, 1917

The Government of the United States and the Government of Japan have recently, in order to silence mischievous reports, effected an exchange of notes at Washington concerning their desires and intentions with regard to China. Copies of the said notes have been communicated to the Chinese Government by the Japanese Minister at Peking; and the Chinese Government, in order to avoid misunderstanding, hastens to make the following declaration so as to make known the views of the Government. The principle adopted by the Chinese Government towards the friendly nations has always been one of justice and equality; and consequently the rights enjoyed by the friendly nations derived from the treaties have been consistently respected, and so even with the special relations between countries created by the fact of territorial contiguity, it is only in so far as they have already been provided for in her existing treaties. Hereafter the Chinese Government will still adhere to the principle hitherto adopted, and hereby it is again declared that the Chinese Government will not allow herself to be bound by any agreement entered into by other nations.

CHINESE LEGATION,
Washington, November 12, 1917.

File No. 793.94/603

The Acting Secretary of State to the Japanese Ambassador

No. 49

DEPARTMENT OF STATE,
Washington November 16, 1917.

EXCELLENCY: In accordance with your oral request I have the honor to enclose herewith copy of a declaration made by the Chinese

Government on November 12, 1917, in connection with the recent exchange of notes between the Government of the United States and the Government of Japan.

Accept [etc.]

FRANK L. POLK

File No. 793.94/636

Ambassador Morris to the Secretary of State

[Extract]

No. 7

AMERICAN EMBASSY,
Tokyo, November 16, 1917.

SIR: I have the honor to report, as stated in my previous despatch No. 1 of November 1,⁴ that I reached Tokyo on the afternoon of Thursday, October 25, and was duly received by the Emperor and presented my credentials on Tuesday, October 30, whereupon I assumed charge of the Embassy.

On Thursday, November 1, I made one of the required official calls on the Russian Ambassador, and during our conversation he remarked to me that he was deeply interested in the agreement which had been reached between the United States and Japan in reference to China. As the Embassy had not then received formal advice as to the result of the conversations between the Department and the Viscount Ishii, I was not in a position to make any reply to his comment.

On the following day, November 2, I paid an official call on the French Ambassador, and he at once referred to the agreement which had been reached in reference to China, between Japan and the United States, and then volunteered the information that the representatives of the Allied Powers had been called to the office of the Minister for Foreign Affairs on the previous day, namely, Thursday, November 1, and had been given copies of the notes exchanged between the Secretary of State and Viscount Ishii. Viscount Motono stated to the representatives that he handed these notes to them in confidence and for their information, to be transmitted to their respective Governments, and that he expected they would be duly and formally executed within a day or two, but would not be made public before the 7th of November, and possibly later. As a consequence of this information the notes became the subject of confidential discussion among members of the Diplomatic Corps during the following days. Those representatives whom I saw personally, all expressed warm approval of the result of the negotiations, and felt that the notes would do much to clarify the diplomatic situation throughout the Orient. I heard no criticisms except from the British Ambassador, who feared that the words "special interests" might be the cause of difficulty in the future.

On the afternoon of November 6 I received from the Foreign Office printed copies of the notes.

In the morning newspapers of November 7, the notes were given wide publicity, and editorial comments followed in practically all of the Japanese papers, and also in the foreign papers during the succeeding week. On November 11 I received the Department's cable-

⁴Not printed.

gram of November 9, 4 p. m.⁴ requesting me to cable a brief summary of press comment, to which I replied on November 14, 6 p. m.⁴

Speaking generally, the joint agreement was greeted with approval by the majority of the Japanese press.

Among prominent educators Mr. Kamada, President of Keio University, is of the opinion that it will be beneficial to both countries, as it recognizes Japan's privileges in the Orient, cements friendship with America, and contributes to the peace of the world. On the other hand Dr. Senga, Professor of International Law in the Kyoto Imperial University, regards the conclusion of this agreement by Japan as one of her most serious diplomatic failures, for she should never have agreed to restrict her freedom of action in China by admitting the open door and equal opportunities, his desire being that Japan and China form an economic league for excluding the influence of European and American countries in the Orient. Dr. Suehiro of the same university is, however, more lenient in his judgment. The Government, he says, must at the risk of being censured by the people for adopting a retrogressive and effeminate policy, abandon its ambition in China, for otherwise, even if it did not lead to a conflict with America, Japan would be regarded by other Powers as an Oriental Germany and be isolated accordingly.

The views of statesmen, politicians, and the official circles in general, as expressed, are more stereotyped. Moreover, those who have any political affiliations are more or less biased in their judgments. Thus the leaders of the Seiyukai and Kokuminto consider the agreement a great success for Ishii's diplomacy, while those who are connected with the Kenseikai, though stating that it was satisfactory on the whole, have attempted to minimize its importance. Viscount Kato, Minister for Foreign Affairs in the Okuma Cabinet and President of the Kenseikai, grudgingly admits that the declaration is a profitable one in so far as America recognizes that Japan has special rights in parts of China contiguous to Japanese territories.

I might add that I have observed two tendencies in the comments of those Japanese with whom I have had the privilege of talking during the past week: One is to interpret very broadly the definition of "special interests," and if possible to disconnect it from any geographical considerations. The second is to express a rather exaggerated delight at what is termed in official Government circles "Viscount Ishii's great diplomatic victory."

On the 8th instant I received the Department's cablegram of November 6, 5 p. m., in reference to the premature publicity of the notes in China. I promptly communicated in writing with the Minister for Foreign Affairs, transmitting the Department's message, and asking for an investigation, as directed. This note I despatched on the morning of November 9, but have as yet received no formal reply. In conversation last evening with Mr. Shidehara, the Vice Minister, he advised me that the Government was making a careful investigation through their representatives in China, and would report to me the results of this investigation as soon as it was completed. Immediately upon receipt of this report, I shall advise the Department by cable, and also transmit it, as directed, to the Legation at Peking.

I have [etc.]

ROLAND S. MORRIS

⁴ Not printed.

File No. 793.94/588

The Secretary of State to Ambassador Morris

[Telegrams]

DEPARTMENT OF STATE,
Washington, November 21, 1917, 6 p. m.

Department's November 6, 5 p. m. What reply from Foreign Office?

LANSING

File No. 793.94/637a

DEPARTMENT OF STATE,
Washington, November 22, 1917, 5 p. m.

On November 12 the Chinese Minister left with me a declaration of his Government concerning the American-Japanese exchange of notes of November 2, as follows: [Quotes declaration of the Chinese Government, printed *ante*.]

For your information I made substantially the following comment thereon to the Minister: There was no thought or intention to bind China; for that reason I had refrained from consulting him while the negotiations were pending; knowledge of negotiations pending and failure to object before completion might really have bound China; our friendship for China unchanged but the financing of the present war prevented large independent investments in China and made inadvisable attempts to secure such investments by financial competition with Japan; China could not longer, because of those conditions, continue to play the United States against Japan in the matter of such investments; that we were still anxious to manifest our friendship by aiding China financially; which, however, was possible only by some arrangement for cooperation with Japan thereby preventing Japan's sole appropriation of the Chinese investment field; I assumed China preferred us to join with Japan rather than to leave China to that country alone.

He asked what "special interests" meant. I said it was the statement of an axiom; that it was a statement which could not be successfully denied and could be universally applied and that, in view of declaration in last clause of note signed by Ishii, it was advantageous to China for both Governments declared themselves opposed it "any government" infringing China's independence and territorial integrity, a declaration which applied to the parties to the understanding as well as to others; that such a bargain seemed decidedly in China's favor; further in reply to his inquiry I stated I believed phrase "territorial propinquity" applied alike to Japan, Russia, France and England and that China might also apply it.

Further, that I believed Chinese Government had acted wisely in presenting memorandum above but that no reservation or caveat could change the natural consequence of propinquity.

Repeat to Peking.

LANSING

File No. 793.94/625

Ambassador Morris to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, November 28, 1917, midnight.

Your telegram of November 5, 6 p. m. [November 6, 5 p. m.], and November 21, 6 p. m. Following letter marked private and confidential received yesterday from Viscount Motono.

MY DEAR AMBASSADOR: [By your] excellency's private and confidential note of the 8th instant you were so good as to communicate to me the substance of a telegram from the Secretary of State calling my attention to the premature publication of the notes recently exchanged between Mr. Lansing and Viscount [Ishii] and you requested that an investigation be made to determine if possible the responsibility for such publication.

Being myself embarrassed as much as the Secretary of State by the disclosure of the contents of the notes in question before the time agreed upon, I did not fail to telegraph to the Japanese Minister to China and to cause thorough inquiries to be made at Peking where the leakage appears to have emanated.

Baron Hayashi now reports that on November 4 he confidentially communicated the text of the notes to Premier Tuan and to Mr. [?] Vice Minister for Foreign Affairs, in the absence of the Foreign Minister on an express message that the whole subject should be kept strictly secret pending official announcement of the documents at Tokyo on the afternoon of November 7. On the evening of November 4 Baron Hayashi received the call of the American Minister and in the course of the conversation with him referred to the subject. He sent to Doctor [Reinsch], American Minister, at the latter's request, a copy of the notes early next morning. On the evening of November 5 Mr. Smith, correspondent of the Associated Press, called upon the Japanese Legation and after having stated that both had learned of the recent exchange of the notes at Washington respecting the Chinese questions he asked for a copy of the correspondence, replying to the questions put to him by the Secretary of the Japanese Legation who received him. He said that private information had reached him from New York late at night on the previous day to the effect that the United States had recognized the special interests of Japan in China and that the Government of the United States and Japan had selected the policy of the open door. The Secretary of Japanese Legation admitted in strict confidence the accuracy of the report but declined to give out the text of the notes.

Baron Hayashi states that prior to the time fixed for publication neither he nor any member of his staff had ever divulged the fact of the exchange of the notes, still less the contents of such documents, to any quarters except to his American colleague and the Chinese Government as above explained. He is unable to discover nor has he any reason to suspect that the revelation originated from the Chinese authorities. He requested the cooperation of Doctor [Reinsch], American Minister, in tracing the source of the information which Mr. Smith had obtained but it now appears that Doctor [Reinsch], American Minister's, efforts in that direction have also proved unsuccessful.

Such is the result of the inquiries made at Peking and while regretting as I do the failure to determine the responsibility of the premature publication, I do not think that any further steps could at this moment be usefully taken to throw light on the mystery.

MORRIS

DISCRIMINATION AGAINST AMERICAN EXPORTERS IN CHINA IN
THE EXPORTATION OF FLOUR FROM CHINA. ATTITUDE OF THE
UNITED STATES

File No. 611.9331/36

Minister Reinsch to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Peking, October 18, 1916, 7 p. m.

In general the Chinese Government has maintained that flour is included within the treaty stipulation forbidding export of grain. This construction clashes with the interests of the Americans concerned who do not desire to ship flour from China but to prevent a situation enabling Shanghai mills to export flour milled from wheat bought far below world's current price because of prohibition of export: removal of this prohibition on wheat would partially restore the price balance. The exportation of flour with a restriction on wheat would be disadvantageous to our interest.

In order to prevent further export of native milled flour I beg to request authorization to state to the Minister for Foreign Affairs that in the event of the Government's granting any other exemptions in favor of Shanghai mills we must consider that it thereby waives the treaty powers of prohibition and entitles Americans export either grain, flour.

REINSCH

File No. 611.9331/36

The Acting Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, October 21, 1916, 4 p. m.

Your October 18, 7 p. m. If the Chinese Government will definitely take the stand that flour is included within the treaty stipulation forbidding export of grain you will urge the acceptance of the following conditions:

1. That no fee of 80 cents gold a barrel nor any other fee for the removal of the embargo be charged since such fee amounts to an export duty and violates Rule 2.

2. That since the embargo upon the export of wheat has also been lifted repeatedly in recent years as shown by the customs returns, there shall be no lifting of the embargo upon flour at any port unless at the same time there be a removal at the same port of the embargo upon wheat, and

3. That if Chinese be allowed to export either flour or wheat Americans shall also enjoy that same privilege.

POLI

File No. 611.9331/38

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Peking, January 16, 1917, 6 p. m.

Your telegram October 21, 4 p. m. After a long evasive correspondence the Chinese Government obstinately takes the position that although the exportation of grains and their products are alike forbidden by treaty, authorization to certain native mills to export a total of one million bags flour is justified on the ground that it is a special exception to enable limited quantity to be exported by reliable Chinese merchants for the relief of Chinese residents abroad.

In view of the influence of the interests involved I am not hopeful of terminating discrimination until the exhaustion of the remaining balance of approximately two hundred thousand bags unless by the use of strong pressure.

I beg to request the Department's views as to the advisability of taking the position that the American company concerned will be supported in a claim for loss of prospective profits on the grain that it desired to export and that failing to receive satisfaction of the claim by other means our Government will insist on reference to arbitration to decide whether the action of the Chinese Government has not definitely cancelled its right to forbid grain exports.

REINSCH

File No. 611.9331/40

Minister Reinsch to the Secretary of State

No. 1348

AMERICAN LEGATION,
Peking, January 16, 1917.

SIR: Referring to previous correspondence concerning the export of flour by certain Chinese dealers in exception to the treaty stipulation forbidding such exports, I have the honor to enclose for the information of the Department the following copies of correspondence on the subject:

From Foreign Office, No.	428, of January	14, 1916.
To " " " "	411, " "	24, 1916.
" " " "	491, " Sept.	4, 1916.
From " " " "	508, " "	14, 1916.
To Shanghai " "	1919, " October	21, 1916.
From " " " "	1058, " Nov.	11, 1916.
To Foreign Office, " "	536, " "	22, 1916.
From " " " "	544, " Dec.	6, 1916.
To " " " "	543, " "	16, 1916.
From Foreign Office, " "	555, " January	10, 1917.

From this correspondence the Department will perceive that the attitude of the Chinese Government in this matter has been unsatisfactory—that it has throughout acted evasively and even disingenuously, and that it now stands obstinately on the fantastic contention that its exception to its own construction of the treaties—an exception made in discrimination against foreign interests, for the profit of a particular group of Chinese merchants—is justified by the

facts that that discrimination has a definite though very large quantitative limit, and that it is made in favor of "reliable Chinese merchants."

I cannot escape the conclusion that this attitude of the Chinese Government is dictated by subservience to the powerful Shanghai milling interests concerned: and although I am taking occasion to lay the case in person before the members of the Revenue Council, which has authority in this matter, and insist that the discrimination be discontinued as from the Chinese New Year (the 23d instant), I am not hopeful that the desired object can be attained without bringing to bear some such actual or threatened coercion as indicated in my telegram of today's date.

I have [etc.]

PAUL S. REINSCH

[Inclosure 1—Translation]

The Vice Minister for Foreign Affairs to Minister Reinsch

No. 428

JANUARY 14, 1916.

SIR: I have the honor to acknowledge the receipt of your note (No. 399 of December 11, 1915), relating to the application of American merchants to export flour, in which you state that should the exceptional permission to export be continued American merchants should enjoy the same privilege.

This Ministry communicated with the Revenue Council and has since received a reply, as follows:

"The export of grain is prohibited by the treaties. Because the Chinese residing at Hongkong, Singapore and other places were in urgent need of purchasing food the Chinese Government gave special permission to Chinese merchants to ship flour to these localities as a measure of assistance. The reason for this action being to relieve the Chinese residing abroad it should not on this account be suspected that the stipulations of the treaty are being defeated. Moreover, in shipping grain the Chinese merchants are restricted to a certain amount and they must furnish guaranties stating that the shipment is solely for the relief of Chinese residing abroad. It would be impossible for merchants of low character to export grain for sale in quantity and at their own pleasure."

The temporary permission to Chinese merchants to export grain was given for the sincere purpose of relieving the Chinese residing abroad and is not different from the relieving of distress inside the country. The restrictions as to the amount and as to the furnishing of guaranties are very strict. The relief of Chinese residing abroad thus includes the idea of carefully respecting the law regarding the prohibition to export. The merchants of other nations cannot therefore rely on this as a precedent.

With compliments,

TS'AO JU-LIN

[Inclosure 2]

Minister Reinsch to the Minister for Foreign Affairs

No. 411

AMERICAN LEGATION,
Peking, January 24, 1916.

EXCELLENCY: I have the honor to acknowledge the receipt of your note (No. 428) of January 14, dealing with the matter of the export of flour and grain from Shanghai. I regret to state that the Revenue Council has entirely ignored the fact that the flour exported from China under special permit was freely sold to any purchaser in Hongkong and other southern ports. It cannot therefore be distinguished from general commercial export; nor does the treaty provide for exceptional export for the assistance of Chinese residing abroad, under any circumstances.

I have recently been informed that the flour export business from Shanghai * * * has been under the sole control of the chairman of the Chinese Chamber of Commerce in the native city at Shanghai who controls the output of the

Lee Dah and the Sun Dah mills at Shanghai, that most of the flour exported comes from these mills, and that the whole arrangement is a result of political influence.

It is therefore necessary for me to insist either that this concession be immediately canceled, or that a similar permission to export grains and flour be given to foreign merchants. In default of such action, I should be compelled to lay the matter before the Diplomatic Corps in order that joint action might be taken for the enforcement of the treaties.

I avail [etc.]

PAUL S. REINSCH

[Inclosure 3]

Minister Reinsch to the Acting Minister for Foreign Affairs

No. 491

AMERICAN LEGATION,
Peking, September 4, 1916.

EXCELLENCY: I have the honor to inform your excellency that it has been reported to me that your Government has issued a permit for the export of one hundred thousand bags of flour from China during the current season. Your excellency would greatly oblige me by informing me as to the correctness of this report. I assume, of course, that foreign merchants would be included within the scope of this permit so that they could export flour from China.

I avail [etc.]

PAUL S. REINSCH

[Inclosure 4]

The Acting Vice Minister for Foreign Affairs to Minister Reinsch

No. 508

SEPTEMBER 14, 1916.

SIR: We have the honor to acknowledge the receipt of your note of the 4th instant (No. 491), in which you state that it has been reported that the Chinese Government has issued a permit for the export of one hundred thousand bags of flour during this year, and you ask if the report is correct.

This Ministry has made inquiry of the Revenue Council, which now replies that there is no truth in the report, and asks that you may be so informed. We now ask you to take note of the denial.

HSIA I-T'ING

[Inclosure 5]

Minister Reinsch to Consul General Sammons

No. 1919

AMERICAN LEGATION,
Peking, October 21, 1916.

SIR: Referring to your Consulate General's despatches of November 13 and 17, 1915,⁴ in regard to the exportation of native milled flour from Shanghai in competition with the American product, I have to advise you that the Legation has now received the following information in regard to this matter:

The treaty prohibition against the exportation of grain and other cereals, which has in general been interpreted by the Chinese Government as including flour as well, was last year relaxed by the granting of a special permission to export a large but limited quantity of native-milled flour from Shanghai: the Maritime Customs at Shanghai were accordingly authorized last year to pass one million bags of such flour for export to Hongkong, Dairen, Singapore, Java and Vladivostok: this authority lapses on November 30 next. It is not known what proportion of the amount so authorized still remains unexported, but on or about the end of last June there was such a balance of two hundred and sixty-eight thousand (268,000) bags.

The Legation is furthermore informed that the flour whose exportation is thus authorized, while paying no export duty, nevertheless pays, for the exceptional privilege so granted, fees to the amount of thirty (30) Shanghai candareens per fifty-pound bag, twenty-five (25) candareens of which go to the Central Government and five (5) candareens to the chamber of commerce at Shanghai, through whose intermediation the matter was arranged.

⁴ Not printed.

From the letter addressed to you by the Shanghai Superintendent of Customs on November 16 last (a copy of which was enclosed with your No. 649), and from certain references in the correspondence between the Foreign Office and the Legation on this subject, it would appear that special permission to export flour from Shanghai was granted by the Government to be availed of only by certain Chinese mills: the Legation has, however, understood from Mr. A. S. Fobes (Manager of Fobes Company, Limited) that this permission may be availed of by anyone upon payment of the fees specified.

The Legation desires you to make such inquiries of the Chinese chamber of commerce, of the office of the Shanghai commissioner of customs, of Mr. Fobes, and elsewhere, as will enable you to make a full report in regard to this relaxation of treaty stipulations in favor of native-milled flour, with a particular view to verifying or correcting the statements above quoted, and more especially establishing whether or not the special privilege of exportation has been reserved for the benefit of a Chinese monopoly, and its benefits denied to foreigners. It is desired that this report be submitted in triplicate.

I am [etc.]

PAUL S. REINSCH

[Inclosure 6]

Consul General Sammons to Minister Reinsch

[Extract]

No. 1058

AMERICAN CONSULATE GENERAL,
Shanghai, November 11, 1916.

SIR: I have the honor to acknowledge the receipt of the Legation's despatch (No. C. 1919), dated October 21, 1916, in regard to the exportation of native-milled flour from Shanghai in competition with the American product, and to report as follows:

I have learned from reliable sources that native flour, by special permission granted last year, is allowed to be exported through the Chinese customs to the extent of 1,000,000 bags, by anyone presenting a *huchao* issued by the local superintendent of customs. Originally a time limit of till November 30 of this year was fixed for the exportation of the above amount, but owing to the fact that in the latter part of October last, the unexported number of bags amounted to between 300,000 and 400,000, the time limit was ultimately indefinitely extended to suit the convenience of the exporter, although it is understood that the first proposal was to simply extend the limit till the end of the year. * * *

This special relaxation of treaty stipulations prohibiting the exportation of cereals, was brought about with the purpose of rendering assistance to the Chinese emigrants (*Chiao hsiang*) residing abroad, on account of the scarcity and high price of foreign flour, and at first applied only to shipments made to Hongkong and Singapore, but later was extended to apply to Java, Vladivostok and Dairen as well. However, it is known that some of the flour thus exported has simply been sent to Hongkong and Singapore, and from thence exported to other countries, some even reaching France.

Although flour thus exported is exempt from the payment of export duties, it pays fees of Mexican 50 cents per fifty-pound bag, or say Taels .30, and in addition a *yun tan* or transportation tax which varies in accordance with the size of the shipment, but works out at an approximate average of Mexican 50 cents per 500 bags.

I am informed that the customs is not aware of any discrimination against foreign firms, but that their concern is simply with the honoring of *huchaos* as presented.

Mr. Koo Shung-ih, Chairman of the Nantao chamber of commerce, Shanghai, from whom Mr. F. S. Fobes obtained the information which he later gave to the Legation, was interviewed and largely corroborated the statements made by Mr. Fobes. He stated that to his knowledge some ten or more native mills in Shanghai had availed themselves of the privilege, but that on account of the fact that each fifty-pound bag is taxed the sum of Mexican 50 cents, together with the additional consideration of the high valuation of silver, there has been no special "scramble" on the part of native millers to export under the special regulations. To the above charges should be added the cost of freight to Hongkong or other destination and the *yun tan* tax. According to Mr. Koo, there have been exported

to date some 800,000 bags. This it will be noted is a greater amount than that stated by my informant * * *. He adds that he knows of no arrangement by which the chamber of commerce receives any portion of the special privilege tax, and that the arrangements were made on the petition of the Chinese residing abroad; further, that there is, so far as he knows, no discrimination against foreign exporters, they being free to avail themselves of the same privilege, by obtaining the necessary permission from the superintendent of customs, Shanghai.

The Fisher Flouring Mills Company of Hongkong, within the last few days made application through this office to the superintendent of customs to export a quantity of flour, but the latter replied to my despatch in part, as follows:

* * * "and in all those cases of exportation of flour by Chinese merchants to Hongkong and Singapore, it was only by special leave of the Government that limited quantities of this product were shipped as a food supply to the Chinese residents at these places. This cannot be alleged as a precedent by all other merchants applying for permission to ship such products, as stated in my letter of November 16, last, in reply to your previous request, made in behalf of Fisher Flouring Mills Company, for permission to export flour and wheat. I have reported on the matter to the Revenue Council (*Shui Wu Chu*) and received its official reply to the effect that the application may be denied in accordance with the treaty provisions. I have now received further instructions from the *Shui Wu Chu* that no more flour should be allowed to be shipped to the Chinese residents referred to, when the quantities exported arrive at the original limit. Under these instructions we shall have to stop in the immediate future the exportation of flour as a food supply to Chinese residents abroad, which has been done with the special authorization of the Government.

Under these circumstances, I am unable to comply with the request of the American firm—Fisher Flouring Mills Company—to export flour and wheat to Hongkong."

The applicant has been informed that the matter is being referred to the Legation.

This reply is to the same effect as that received by this office under date of November 16, 1915, in response to a similar application. A copy of the reply was transmitted in our No. 649, dated November 17, 1915.

This letter does not bear out the assertions made by the chairman of the chamber of commerce * * *, that there is no discrimination affecting foreign firms.

It developed at the interview with Mr. Koo that the tax of Mexican 50 cents is paid to a Mr. Tau Lae-chuen, in the Bank of China Building, Shanghai, who it appears is a special officer designated by the Central Government to make these collections. It was stated that upon application being made to Mr. Tau, and upon the payment of the special fee, he issues a letter or certificate, which is presented to the superintendent of customs with the formal application for permission to export; and further that any firm, foreign as well as native, can obtain the necessary permission. This office has, however, been unable as yet to confirm this procedure, as Mr. Tau is at present absent in Tientsin.

I have [etc.]

THOMAS SAMMONS

[Inclosure 7]

Minister Reinsch to the Vice Minister in Charge of the Ministry of Foreign Affairs
No. 536

AMERICAN LEGATION,
Peking, November 22, 1916.

EXCELLENCY: I have the honor to recall to your excellency that during the past year I have had occasion to address to you several inquiries in regard to the conditions of the special authorization granted by the Government for the exportation of flour milled in China. It has been a disappointment to me to find that the information given in reply to my various inquiries has been inadequate. In order that I may comply with the instructions of my Government to furnish it with information as to the essential facts of what appears to be a departure from treaty stipulations which discriminates against American trade, I have to request that you advise me on the following points:

1. Does the Chinese Government contend that the exportation of flour or other products of grain is forbidden by the treaty provisions which forbid the exportation of grains of all sorts?

2. If such an embargo on the exportation of flour is actually maintained by the Chinese Government, has any special authorization been granted to export flour from Shanghai? If so, what are the conditions of such special authorization—particularly as to the quantity which may be exported and the period during which such authorization is made available? The Legation is informed that last year special permission was granted to export, through the maritime customs, flour to the amount of 1,000,000 bags; that at least 200,000 bags of the amount so authorized remains still unexported; and that the time for which authorization is valid has been extended indefinitely.

3. If such exportation is permitted, what duties, taxes, or fees are required to be paid upon it? The Legation is informed that no export tax is levied, but that a special officer, designated by the Central Government, collects in behalf of the Government a fee of fifty cents per fifty-pound bag of flour exported, and that there is, in addition, a transportation tax of approximately fifty cents per five hundred bags of flour.

4. To whom, and upon what conditions, are *huchaos* issued to enable merchants to avail themselves of the authorization to export flour, and particularly, may American merchants avail themselves of the authorization in the same manner as Chinese merchants? I have to point out that the superintendent of customs at Shanghai has persistently refused to grant a request of the American firm—the Fisher Flouring Mills Company—that it be permitted to export flour from Shanghai in the same manner as Chinese merchants, and while acknowledging that Chinese merchants had been allowed to export flour to Hongkong and Singapore, he has stated that the Revenue Council has officially informed him that the application of the American Company “may be denied in accordance with the treaty provisions.”

I beg to request that your excellency take steps to put me in possession, without delay, of the replies to these questions, as desired by my Government.

I avail [etc.]

PAUL S. REINSCH

[Inclosure 8]

The Vice Minister for Foreign Affairs to Minister Reinsch

No. 544

DECEMBER 6, 1916.

SIR: I have the honor to acknowledge the receipt of your note of the 22d ultimo (No. 536), relating to the application, based on precedent, of an American firm to export flour. Upon receipt thereof this Ministry wrote to the Revenue Council to make an investigation, and has now received a reply as follows:

“Answers to the four queries contained in the American Minister’s note, setting forth the exact facts, have been drawn up.

“The first query was as to whether the exportation of flour or other products of grain is forbidden by the treaties. The Revenue Council notes that the various grains of the country cannot, according to the treaties, be transported abroad, that therefore exportation is forbidden.

“The second query was as to whether any special authorization has been granted to export flour from Shanghai. The Revenue Council would state that owing to the difficulty experienced by the Chinese residents of Hongkong and Singapore in purchasing food supplies, as a result of the sudden outbreak of the European War, special permission was granted to Chinese merchants to ship flour from Shanghai to afford relief. The amount to be exported was fixed and permission to ship was granted for a fixed period, at the expiration of which it was to cease. This case is one of the Chinese themselves shipping grain to relieve Chinese residing abroad and does not differ from the relief of our own countrymen in our own country. It has never been forbidden by the treaties and no violation of the treaties can be pointed to.

“The third query was as to whether fees or transportation taxes were collected. The Revenue Council would state that as this exportation of flour is for the special purpose of affording relief no taxes are collected. How could a special fee and transportation tax be collected?

“The fourth query related to the issuance of *huchaos* and also as to whether American merchants might avail themselves of the authorization in the same manner as Chinese merchants. The Revenue Council would state that in this special case, whereby authorization is granted to relieve with grain the Chinese residing abroad, *huchaos* are issued only to the most reliable Chinese merchants.

Other Chinese merchants cannot by making false representations receive them. Nor can foreign merchants rely on this as a precedent to make application to ship. There is no discrimination against American trade involved.

"It is requested that the contents of this communication be transmitted."

I have accordingly the honor to send you this note.

HSIA L-T'ING

[Inclosure 9]

Minister Reinsch to the Minister for Foreign Affairs

No. 543

AMERICAN LEGATION,
Peking, December 16, 1916.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note of December 6, relating to the export of flour and grain from China.

In its communication to your Ministry the Revenue Council states that the purpose of the flour shipments from Shanghai is to relieve Chinese residing abroad. We are, however, not concerned with the avowed purpose, but with the actual effect of the measure. The effect has been to place on the markets of Hongkong, Singapore, and other far eastern ports, huge quantities of Chinese flour as ordinary merchandise. This special measure is therefore in no way distinguished in its actual results from a general permission to export certain large quantities of flour.

The Revenue Council asks, "How could a special fee and tax be collected?" I would reply that it was collected by the chamber of commerce of Shanghai or by a special agent of the Government at Shanghai, to whom the administration of this measure was entrusted, and that it amounted to fifty cents per fifty-pound bag of flour exported and, in addition, a transportation tax of approximately fifty cents per five hundred bags of flour was collected.

As the Revenue Council states that American merchants will not be permitted to avail themselves of the authorization to export grain in the same manner as Chinese merchants, I am forced to protest in the most emphatic manner, and I have to state that my Government will hold the Government of China responsible for any damages to American merchants through refusal to allow them to participate in such export of grain as may be permitted to others.

In order to avoid grave difficulties, there are only three alternatives to be considered: (a) either all export of grain and flour must remain forbidden; or (b) Americans must be allowed to share in any permission to export which may be granted; or (c) the export of grain and flour must be freely allowed to all. To permit Chinese merchants under the guise of a special arrangement to export, while prohibiting Americans, is a discrimination to which the American Government cannot submit. I therefore am forced to make a request that orders be immediately issued permitting Americans to share in the permission which is enjoyed by others to export flour or grain.

I avail [etc.]

PAUL S. REINSCH

[Inclosure 10]

The Minister for Foreign Affairs to Minister Reinsch

No. 555

JANUARY 10, 1917.

SIR: I have the honor to acknowledge the receipt of your note of December 16, 1916 (No. 543), in reference to the application, based on precedent, of American merchants for permission to export flour and wheat. Upon receipt thereof this Ministry communicated with the Revenue Council, and has now received a reply as follows:

"The export of flour is regarded by the council as being under a special, not a general, authorization. The four special reasons are here restated:

"1. This country formerly did not allow flour to be exported. Because of the outbreak of the European war the Chinese residing abroad were in want of food and special authorization was given for flour to go forward as a relief measure.

"2. The flour permitted to be exported is limited to a fixed amount. After it has all been shipped no exportation will be allowed.

"3. Special authorization is given for reliable Chinese merchants to export flour. Other Chinese merchants not being able to do so, foreign merchants naturally cannot.

"4. Last year the neighboring countries had a shortage of grain and China, actuated by a spirit of friendship, gave special authorization for grain to be exported as a measure of relief, no objections being raised by foreign countries. Now that our own people are short of food the Government has naturally specially authorized the export of grain as a measure of relief, and this does not constitute the least violation of the treaties. Foreign countries cannot rely on the rule regarding ordinary merchandise to demand similar treatment.

"Of the three proposals now made by the American Minister, the first is that the export of grain and flour must remain forbidden. This is the regular procedure and the Government recognizes it as the natural course to take. But it is necessary to wait until the full amount of the flour, for which authorization to export has previously been granted, has all been shipped, after which the Government will then issue a strict prohibition.

"It is requested that the contents of this communication be transmitted."

I have the honor to request you to take note.

WU T'ING-FANG

File No. 611.9331/38

The Secretary of State to Minister Reinsch

[Telegram]

DEPARTMENT OF STATE,
Washington, January 19, 1917, 4 p. m.

Based upon stand Chinese Government, that exportation grain products forbidden by treaty, you may take position outlined last paragraph your January 16, 6 p.m.

LANSING

File No. 611.9331/41

Minister Reinsch to the Secretary of State

No. 1387

AMERICAN LEGATION,
Peking, February 13, 1917.

SIR: Referring to previous correspondence on the subject of the Chinese Government's discrimination against American interests in the matter of the export of flour, and particularly to my telegram of January 16, 6 p. m., and to the Department's reply of January 22, [19], 4 p. m., I have the honor to enclose herewith for your information a copy of the note (No. 559) which I addressed to the Foreign Office on this subject under date of the 25th ultimo.

I have [etc.]

PAUL S. REINSCH

[Inclosure]

Minister Reinsch to the Minister for Foreign Affairs

No. 559

AMERICAN LEGATION,
Peking, January 25, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of January 10 in regard to the export of flour.

In reply I have the honor to state that it is difficult for me to understand how a responsible department of the Government, such as the Revenue Council, can make use of the arguments advanced in this note. I have already stated repeatedly in my communications to your Ministry that the explanation of the shipment

of flour as a relief measure is a mere pretext to cover ordinary commercial transactions. I say this because the flour thus exported is sold on the markets of Hongkong, Singapore, etc., to anyone who will buy it. I am informed that upon the Hongkong market alone 350,000 barrels of Chinese flour were sold during the year of 1916.

The idea that reliable Chinese merchants will be permitted to export flour while other Chinese merchants and foreigners are excluded is so novel that I believe you will agree with me that any international court would consider it an insult to its intelligence were such an argument advanced before it.

As always, I have endeavored to show to your Government the utmost patience and consideration in this matter. That patience, however, is necessarily exhausted when such arguments as those discussed above are advanced. I am therefore under the painful necessity of informing you that I shall instruct American merchants desirous of exporting grain or flour from China to offer for exportation such quantities of either as they may desire to ship. Should permission to export be refused these American merchants while export is permitted under any excuse, whatsoever, to Chinese merchants or other foreigners, the American Government will hold the Chinese Government responsible for any damage suffered by the said merchants through the failure to grant permission to export.

I avail [etc.]

PAUL S. REINSCH

File No. 611.9331/40

The Secretary of State to Minister Reinsch

No. 574

DEPARTMENT OF STATE,
Washington, February 23, 1917.

SIR: The Department acknowledges the receipt of your despatch No. 1348 of January 16, 1917, with its enclosures, relative to the export of flour by certain Chinese dealers in exception to the treaty stipulations forbidding such exports.

The Department's telegram of January 19, 4 p. m., authorized the Legation to proceed in the manner suggested in the last paragraph of the despatch under acknowledgment and in accordance with the proposed course of action stated in your telegram of January 16, 6 p. m.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 611.9331/43

Minister Reinsch to the Secretary of State

[Telegram]

AMERICAN LEGATION,
[Peking undated; received April 5, 1917, 9.30 a. m.]

Revenue Council has issued instructions permitting foreign and Chinese merchants to export flour on payment of forty cents Mexican per bag.

REINSCH

File No. 611.9331/45

Minister Reinsch to the Secretary of State

No. 1442

AMERICAN LEGATION,
Peking, April 6, 1917.

SIR: I have the honor to report that the Chinese Government, through the Revenue Board, has decided to permit the free export by Chinese or foreign merchants of Shanghai milled flour. There is

enclosed herewith a copy of a letter from the Inspector General of Customs to the Chinese Secretary of this Legation setting forth the terms on which such export may be made.

I have [etc.]

PAUL S. REINCH

[Inclosure]

The Inspector General of Customs to the Chinese Secretary of Legation

PEKING, April 4, 1917.

DEAR DR. TENNEY: With reference to our conversation this morning concerning export of flour I write to say that I have received the following instructions—namely that until further order Shanghai milled flour may be freely exported by foreign merchants, if covered by *huchao* to be issued by the Shanghai superintendent, in bags not exceeding 50 pounds in weight. *Huchao* will be issued by the superintendent on payment of \$0.40 per bag.

Yours sincerely,

J. A. AGLEN

APPLICATION OF THE MOST FAVORED NATION CLAUSE IN THE TREATY OF JUNE 18, 1858, BETWEEN THE UNITED STATES AND CHINA, TO THE CONCESSIONS OBTAINED BY JAPAN IN MANCHURIA AND EASTERN MONGOLIA UNDER THE SINO-JAPANESE TREATY OF MAY 25, 1915

File No. 761.94/133

Minister Reinsch to the Secretary of State

[Extract]

No. 1222

AMERICAN LEGATION,
Peking, October 12, 1916.

With respect to the application of the most favored nation clause to the concessions obtained by Japan in Manchuria and Eastern Mongolia by the Sino-Japanese Treaty of May 25, 1915,⁶⁶ I have the honor to submit the following observations:

It seems to this Legation that the privilege of the most favored nation should be claimed and applied in liberal terms to any rights granted in the Chinese provinces with respect to residence, trade and general interests affecting the rights and the pursuits of individuals.

In the Convention concluded between China and Japan in May 1915, the Japanese Government secured the grant of rights of residence and trade in the interior of Manchuria and Eastern Mongolia. In the course of the negotiations and since the completion thereof, this Legation has assumed, *vis-à-vis* the Chinese Government, whenever the question has incidentally arisen, the principle that rights thus granted would automatically accrue, by the operation of the most favored nation clause, to the benefit of Americans and of the subjects of other nations having treaties containing that clause. Representatives of the Chinese Government have thus far not made any objection to this interpretation: as a matter of fact, they seemed to be in accordance with it, as well they might be in a desire to prevent the creation of exclusive alien-national spheres in any parts of China.

⁶⁶ For. Rel. 1915, p. 172.

In the conversation reported by the American Ambassador at Tokyo in his telegram of August 21 last,⁶⁷ of which a paraphrase was transmitted to the Legation with the Department's instruction No. 490 of August 22, the Japanese Minister for Foreign Affairs is stated to have said:

* * * so far as the Sungari River is concerned, Japan has always contended that China's grant of the rights of navigation to Russia ensued automatically to the benefit of Japan and all other nations which have most favored nation treaties with China; that Russia had agreed now not to nullify this claim but that the matter had not been completed yet and as the agreements had not been finished they had not been published but would be as soon as completed.

The new understanding with Russia on this point is here represented as a concession of the validity of the claim that the most favored nation treaty applies to the navigation of the Sungari to the benefit of Japan. If this is true, the right would accrue to other nations as well, and the same principle could with equal justice be maintained with respect to the rights of residence, etc., granted to Japan in Manchuria. There is a broader importance and significance attaching to this matter. A gifted writer, in discussing the recent developments of Japanese policy, uses the following language:

* * * those who have been responsible for the framing of the new Japanese policy have held it essential to their plan to keep Europe and America chained to the principle of extraterritoriality, because that doctrine, imposing as it necessarily does mutual restrictions and mutual limitations in many fields, leaves it free to the Japanese to place themselves outside and beyond those restrictions and limitations, and by means of special zones and special weapons to extend their influence so widely that ultimately the treaty ports will be left isolated and at the mercy of the "higher machinery" which hegemony controls.⁶⁸

It admits of no doubt that should the point be granted that special rights of residence, trade, professional activities, etc., can be given to any nation in any province in China without automatically accruing to other nations by virtue of the most favored nation clause, it would easily be possible, under a maintenance of the fabric of treaties confining extraterritorial privileges of residence to the open ports, to create a situation under which Europeans and Americans would be limited to certain areas, while the broader opportunities in the interior would be enjoyed by Japanese by virtue of special conventions and agreements.

In view of the importance of this matter, not only to American activities in Manchuria, but as a precedent for action affecting the rest of China, I have the honor to request your instructions as to whether the Legation is justified in maintaining that the rights granted to Japanese nationals in Manchuria with respect to matters affecting the status, residence and activities of individuals, accrue to the benefit of American citizens by virtue of the most favored nation clause.

I have [etc.]

PAUL S. REINSCH

⁶⁷ For. Rel. 1916, p. 444.

⁶⁸ From an article entitled "Japanese Ambition" in the *Peking Gazette* of September 18, 1916, a copy of which is enclosed. Not printed.

File No. 761.94/133

The Secretary of State to Minister Reinsch

No. 558

DEPARTMENT OF STATE,
Washington, January 19, 1917.

SIR: Adverting to your despatch No. 1222 of October 12, 1916, relative to the question of favored nation rights under the new Russo-Japanese Convention, I have to state that the Department has given further consideration to the points raised by you in the above-mentioned despatch and has arrived at the following conclusions:

It is provided in Article XIV of the Treaty of Peace, Amity and Commerce of 1858 between the United States and China that:

The citizens of the United States are permitted to frequent the ports and cities of Canton and Chau-chau or Swatau, in the province of Kwang-tung, Amoy, Fuh-chau, and Tai-wan, in Formosa, in the province of Fuh-kien, Ningpo, in the province of Cheh-kiang, and Shanghai, in the province of Kiang-su, and any other port or place hereafter by treaty with other powers or with the United States opened to commerce, and to reside with their families and trade there, and to proceed at pleasure with their vessels and merchandise from any of these ports to any other of them.

Under such treaty provisions, it was held by the Department on November 30, 1897, that "citizens of the United States are entitled to frequent and reside at any port open to commerce by the treaty with any power." (Foreign Relations 1897, 76-80.) That ruling, although not specifically so stated therein, seems to have been based upon the theory that those treaty provisions are to be distinguished from the usual most favored nation clauses in treaties and to be regarded as an absolute grant of the rights therein set forth, based only upon the contingency of the opening to commerce of further ports and places in China. That construction of the provisions in question appears to be reasonable, since they do not, in terms, correspond to the usual most favored nation grants but appear to import the automatic extension of certain rights to American citizens upon the happening of certain contingencies.

However, it would appear that there might be some ground for contention on the part of an interested power, that these provisions, so far as they relate to the opening to commerce of a port or place, by treaty with any other Power than the United States, should be construed in the same sense as the usual so-called unqualified most favored nation clause, that is, as intended to apply only to gratuitous concessions.

Article XXX of the said treaty contains the following provisions:

The contracting parties hereby agree that should at any time the Ta Tsing Empire grant to any nation, or the merchants or citizens of any nation, any right, privilege or favor, connected either with navigation, commerce, political or other intercourse, which is not conferred by this treaty, such right, privilege and favor shall at once freely inure to the benefit of the United States, its public officers, merchants and citizens.

Were not the word "freely" used in the last quoted provisions there would seem to be little reason to doubt that the appropriate construction of these provisions would be to regard them as an instance of the so-called unqualified most favored nation clause, concessions under which, according to this Government's interpretation

of such provisions, could only be claimed as a result of the grants by China to a third nation not based on reciprocity or mutually reserved interests as between the contracting parties to such grants.

However, the use of the word "freely" in the provisions last set forth must import a qualification to the clause, unless contrary to the rule of construction, this word is to be regarded as used without a meaning. It may be said in this connection that the usual qualification of a most favored nation clause is by a proviso, that any favor granted by one of the contracting parties to a third party shall likewise accrue to the other contracting party, freely, if freely given, or for an equivalent, if conditional, and such qualification, of course, is aimed to set forth in terms the intention that concessions thereunder may only be claimed when based upon grants to third parties of a gratuitous nature.

No reason is perceived why a nation may not also qualify its most favored nation grants in treaties by setting forth that concessions to third Powers shall be available also to the other contracting party without a price, irrespective of what price may be exacted for such concession when originally given.

If it be assumed that a nation has the power to qualify its most favored nation clause in the manner and with the effect last mentioned, it would seem to follow that China must be regarded as having accomplished this result by the insertion of the word "freely" in the last quoted treaty provisions. That word is the one which is ordinarily used in qualified clauses of this character in the alternative to the provision for a conditional grant. No alternative appearing in the provisions under consideration, it would seem that the United States must be considered to be entitled to the concessions set forth in such provisions as a gratuity and irrespective of the price paid by another Power for the grant to it of such concessions.

Therefore, the conclusion of the Department is, that, with respect to the rights of residence and trade and any other "right, privilege or favor, connected either with navigation, commerce, political or other intercourse" which is not expressly conferred by the said treaty of 1858, the United States is justified in maintaining that such of those rights as have been granted to Japanese nationals in Manchuria accrue to the benefit of American citizens by virtue of the treaty provisions herein discussed.

I am, [etc.]

For the Secretary of State:

FRANK L. POLK

**REGULATIONS FOR THE SUPPRESSION OF THE LIQUOR TRAFFIC
IN CERTAIN DISTRICTS OF NORTHERN MANCHURIA. ACCEPT-
ANCE OF THE REGULATIONS BY THE UNITED STATES**

File No. 893.114/152

Minister Reinsch to the Secretary of State

No. 1396

AMERICAN LEGATION,
Peking, February 17, 1917.

SIR: I have the honor to enclose herewith a translation of an identic note (No. 562) of the 7th instant,⁴ in which the Ministry for

⁴ Not Printed.

Foreign Affairs communicated a set of regulations for the suppression of the liquor traffic in certain districts of Northern Manchuria, drawn up between the Chinese and Russian local authorities on May 21 last, inviting attention to the 13th Article and asking that in pursuance thereof the American Government make applicable to its citizens the prohibitions established by these regulations. With the note from the Foreign Office I enclose a translation of the Chinese text of the regulations as therein communicated;⁴ and I also enclose a copy of an unofficial English translation from the Russian text, furnished by the Russian Legation here.

In submitting these regulations for the approval of the Department, I beg to invite attention to the somewhat surprising provisions of Article 12, by which the Chinese Government, despite its long maintained claim to the retention of administrative sovereignty in the zone of the Chinese Eastern Railway, impliedly delegates to the Russian authorities the right of legislation in this matter for not only the railway line itself, but, indirectly, for the adjacent zone on either side of the railway. It is possible—though in noting the suggestion I am not disposed to recommend it as advisable—that the Department might think it expedient to accept the regulations, as applicable to American citizens within the 50-verst frontier zone bordering Russian territory, subject to a reservation as to the applicability of Article 12. I am inclined to believe, however, that such a reservation, implying on our part a more scrupulous solicitude in behalf of Chinese sovereignty than the Chinese Government has itself demonstrated in this matter, would tend only to complicate rather than to strengthen our contention in the matter of the status of the Harbin municipality and other questions connected with the administration of the Chinese Eastern Railway Zone.

I have [etc.]

PAUL S. REINSCH

[Inclosure—Translation]

Russo-Chinese Agreement concerning the Suppression of the Liquor Traffic in Northern Manchuria, signed on the 8th/21st of May, 1916, approved by the Russian and Chinese Governments on the 27th of June/10th of July, 1916, and enforced on the 27th of August/9th of September, 1916

COLLECTION OF LAWS AND ORDINANCES OF THE GOVERNMENT, PUBLISHED BY THE RULING SENATE AT PETROGRAD, SECTION 1, NO. 220, AUGUST 19TH, 1916, ARTICLE 1791

[Unofficial translation prepared by the Russian Legation at Peking]

PEKING, 1917.

In pursuance of the exchange of notes which took place August 22d/September 4th 1915, between the Imperial Russian Minister in Peking and the Minister for Foreign Affairs of the Chinese Republic, the undersigned, having been duly authorized thereto, have agreed as follows:

ARTICLE 1.—The importation into the 50 versts zone of the Province of Kirin and Heilungchiang adjoining the Russian frontier of all alcohol, alcoholic liquors and wines, irrespective of the method of preparation, is, with the exception of samshoo, prohibited.

ARTICLE 2.—The exportation out of the area of this zone into Russia of all alcohol, alcoholic liquors and wines, irrespective of the method of preparation and inclusive of samshoo, is prohibited.

⁴Not printed.

ARTICLE 3.—The purchase, sale, storage, conveyance and carrying in the above-mentioned zone of alcohol, alcoholic liquors and wines, exclusive of samshoo, is absolutely prohibited.

ARTICLE 4.—The preparation within the limits of the said zone of alcohol, alcoholic liquors and wines is not allowed and all alcohol and vodka distilleries, vodka depots and shops now existing in the said zone must, with the exception of Chinese samshoo distilleries and shops, be definitely closed. Stocks of alcohol, alcoholic liquors and wine on hand at the time of closure may be exported out of the 50 versts zone into China within a period of six months.

ARTICLE 5.—(The text of this article will be determined by agreement between Wai Chiao Pu and the Imperial Russian Legation in Peking.)

ARTICLE 6.—Persons guilty of a breach of the preceding articles shall be held legally responsible; while persons assisting in the discovering of the guilty shall receive rewards according to a fixed scale and alcohol, alcoholic liquors and wines discovered together with all apparatus and appurtenances used in the preparation, storage and conveyance thereof shall be confiscated and sent to the nearest competent Government institution for destruction.

ARTICLE 7.—The quantity of samshoo produced by the samshoo distilleries at present established within the limits of the 50 versts zone of the Province of Kirin and Heilungchiang adjoining the Russian frontier must be limited to the quantity of samshoo now distilled by them and exclusively required for the needs of the Chinese population.

NOTE.—A list of such distilleries together with particulars as to the productive capacity of each of them will be supplementarily communicated by the Chinese Government within a period of six months from the date on which this agreement goes into force.

ARTICLE 8.—The opening within the aforesaid zone of new samshoo distilleries in excess of those enumerated in the above-mentioned list shall not be permitted.

ARTICLE 9.—In like manner, the opening within the 50 versts zone of new samshoo shops and depots shall not be allowed and the quantity of samshoo imported into the zone together with the volume of business transacted by samshoo depots and shops may only be increased in proportion to the growth of the population of the zone and shall not exceed the limits of the normal individual demand, namely, 12 catties per head yearly.

ARTICLE 10.—The exportation of samshoo out of the above-mentioned 50 versts zone into Russia and the sale of it to Russian subjects within the said zone are prohibited.

ARTICLE 11.—The supervision over the strict observance of Articles 7, 8, 9, and 10 of this agreement shall be the responsibility of the Chinese Government institutions exercising control over samshoo distilleries, depots, and shops. It will be the duty of these institutions to render an exact account of the quantity of samshoo imported and of the total production in the district subject to the stipulations of this agreement and also, to establish external marks distinguishing samshoo offered for sale from all other preparations of alcohol.

ARTICLE 12.—The Chinese Government undertakes to introduce within a zone extending 10 versts (20 Chinese li) each side of the Chinese Eastern Railway line measures against alcoholism fully corresponding to all such measures as shall be adopted within the limits of the area of the said railway according as these measures are introduced. Due and timely notice of the introduction of such measures shall be given to the Chinese Government.

As regards samshoo, as soon as the preparation and sale of alcohol and alcoholic liquors shall be entirely prohibited and suppressed within the area of the Chinese Eastern Railway, the sale of that liquor to Russian subjects in the above-mentioned zone and its exportation out of that zone into Russia shall in like manner be prohibited. Further, the establishment of samshoo distilleries and shops in places where such did not previously exist shall not be allowed to exceed the amount at present produced and sold.

ARTICLE 13.—The Russian and Chinese Governments shall enter into negotiations with the Foreign Powers with the object of securing the application of the present agreement to foreign subjects in the places open to foreign trade situated in the regions in which this agreement is operative.

ARTICLE 14.—The Chinese authorities will see to it that no person infringes the stipulations of this agreement.

On the request of the Russian authorities, the competent Chinese institutions will place at their disposal the necessary detailed information respecting the struggle with alcoholism.

If Russian officials deem it necessary to visit any of the regions mentioned in this agreement in order to procure information, they shall give due notice thereof to the Chinese authorities who will render them every assistance.

Harbin, 8/21 May 1916.

(Signed) W. TRAUTSCHOLD,
His Imperial Russian Majesty's Consul General in Harbin
 (Signed and sealed) LI HUNG MOU,
Taoying of the Pinchiang Circuit and Commissioner for Foreign Affairs

Communication addressed by the Russian Minister in Peking to the Chinese Acting Minister for Foreign Affairs dated June 27th/July 10th, 1916, No. 109.

I have the honour to inform Your Excellency that:

(1) The Imperial Government has approved the Russo-Chinese Agreement signed at Harbin on May 8th/21st of this year by Collegiate Councillor Trautschold, His Imperial Majesty's Consul General in that town, and by the Taoyin of the Pinchiang Circuit and Commissioner for Foreign Affairs, Li Hung Mou.

(2) The text of Article 5 of the agreement shall read as follows:

"The conveyance as cargo by ships along the river Sungari from Harbin to the point where it discharges into the Amur of alcohol in whatever quantity is prohibited. This prohibition does not apply to samshoo and other wines."

(3) The said agreement shall go into force two months from this date—i. e. August 27th/September 9th, 1916.

[Translation of communication addressed by the Chinese Minister for Foreign Affairs to the Russian Minister in Peking dated June 27th/July 10th, 1916, No. 91]

I have the honour to inform your excellency that:

(1) The Chinese Government has approved the Sino-Russian Agreement signed at Harbin on May 8th/21st of this year by the Taoyin of the Pinchiang Circuit and Commissioner for Foreign Affairs Li Hung Mou and the Russian Consul General in that town Collegiate Councillor Trautschold.

(2) The text of Article 5 of the agreement shall read as follows:

"The conveyance as cargo by ships along the river Sungari from Harbin to the point where it discharges into the Amur of all alcohol in whatever quantity is prohibited. This prohibition does not apply to samshoo and other wines."

(3) The said agreement shall go into force two months from this date—i. e. August 27th/September 9th, 1916.

File No. 893.114/152

The Secretary of State to Minister Reinsch

No. 601

DEPARTMENT OF STATE,
Washington, April 14, 1917.

SIR: The Department acknowledges the receipt of your despatch No. 1396 of February 17, 1917, relative to Article 13 of the regulations for the suppression of the liquor traffic in certain districts of Northern Manchuria, which article authorizes the Governments of China and Russia to negotiate with the Governments of the different nations with a view to having the regulations apply also to foreigners residing in places open to trade within the zone described therein.

Inasmuch as China has agreed to the regulations, the Department perceives no objection to their acceptance on the part of the American Government and you will so notify the Chinese Government.

I am [etc.]

For the Secretary of State:
 FRANK L. POLK

PROTECTION OF CHINESE INTERESTS IN MEXICO. ASYLUM IN THE UNITED STATES TO CHINESE REFUGEES ACCOMPANYING GENERAL PERSHING'S FORCES OUT OF MEXICO. AMERICAN CONSULAR OFFICERS IN MEXICO INSTRUCTED TO RENDER GOOD OFFICES IN BEHALF OF CHINESE CITIZENS.

(See Mexico)

COLOMBIA

CORRESPONDENCE RELATING TO THE TREATY OF APRIL 6, 1914, BETWEEN THE UNITED STATES AND COLOMBIA¹

File No. 711.21/353

Chargé Belden to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Bogotá, February 26, 1917, 5 p. m.

I have just had conversation with Minister for Foreign Affairs regarding treaty.

Notice of probable postponement of consideration of the treaty as reported in press despatches has produced press attacks. Editorial yesterday morning by General Carlos Cuervo, known to the Department of State because of his speech at banquet in Boston following second Scientific Congress, advocates that the Colombian Government withdraw its approval of treaty, stating that the long delay has placed Colombia in a ridiculous position and suggesting that, because of actual world conditions, more satisfactory arrangements might be made by Colombia. This might mean treating with another nation.

Minister for Foreign Affairs requests me to ask for authorization present note to Foreign Office for publication giving, if it is possible, text of President's letter to Senate Committee, and the reply thereto. Colombian Government has been informed that Senator Stone suggested that treaty would receive more favorable treatment, if considered in special session of the Senate.

Please instruct by telegraph.

BELDEN

File No. 711.21/367

Chargé Belden to the Secretary of State

[Extract]

No. 396

AMERICAN LEGATION,
Bogotá, February 27, 1917.

SIR: In confirmation of my cablegram of to-day, 5 p. m. [26], I have the honor to inform the Department that I was called to the Ministry for Foreign Affairs by the Minister this afternoon regarding the treaty pending between the United States and Colombia relative to the Panama Canal, *et cetera*.

As I stated in my cablegram, the notice, as it has appeared in the local press, to the effect that the Senate would not be able to consider the question of the approbation of the treaty in question dur-

¹ Continued from For. Rel. 1916, p. 211.

ing the present session has aroused considerable resentment and newspaper attacks. I enclose a copy together with translation, both in duplicate, of the editorial by General Carlos Cuervo Marquez mentioned in the cablegram referred to above.² This is one of similar articles which have been appearing of late in the daily press. When it was learned that the President had asked the Committee on Foreign Affairs to take up the consideration of the treaty it was said that the President had only done so because the United States found itself facing the possibility of war and saying that it probably would be better for Colombia if the treaty were not approved. Later, upon the notice that the treaty would not be considered during the present session, came a cry of resentment. In other words, when confidence was felt that the treaty would soon be approved there appeared in some articles a spirit of bravado and now when it would seem that, even though facing the danger of being compelled to enter the European war, the United States may again delay the consideration of the treaty the attitude changes to resentment and it has been remarked that, while twenty-five millions of dollars can be paid for the Danish West Indies, Colombia is to suffer the loss of Panama without indemnification, Panama which is worth much more. General Cuervo was to have dined at the Legation last evening together with Dr. Francisco José Urrutia but upon the appearance of the editorial in reference he politely recalled his acceptance. Dr. Urrutia was most amiable and still continues to express the hope that the treaty will be approved. It might be added that the indemnification considered would greatly benefit this Government at this time.

The Minister for Foreign Affairs called me this afternoon to make the suggestion that I request authorization to present a note to this Government for publication which would tend to calm the resentment aroused by the belief that the Senate intends to continue to delay the discussion of the treaty and possibly eventually to disapprove it. As the Colombian Minister at Washington has been ill, the Consul informed this Government that Senator Stone had advised the President that it would be difficult to obtain the necessary majority in favor of the treaty if taken up during the present session and that he had suggested that the matter would be given more favorable consideration if treated upon in special session. The Minister for Foreign Affairs believes that the publication of this, through a note from this Legation, would have a beneficial effect upon the public opinion. In this I concur.

I have [etc.]

PERRY BELDEN

File No. 711.21/353

The Secretary of State to Chargé Belden

[Telegram]

DEPARTMENT OF STATE,
Washington, February 28, 1917, 7 p. m.

Your February 26, 5 p. m. You are instructed to inform Minister for Foreign Affairs that the Government of the United States has the passage and ratification of the treaty very much at heart but that

²Not printed.

owing to the short session of Congress and the extraordinary pressure of business it was felt inadvisable to press for action on treaty in the Senate at this time. The Senate has been called in special session on March 5, one of the principal reasons for the President calling it being the desire of the Government to have action on the treaty. All governmental forces will be exerted to secure its ratification.

You will also state that it is sincerely hoped that there will be no misunderstanding on the part of the Government and people of Colombia as to the situation set forth above and that it is felt that the interests of the two countries would be best served if the Government of Colombia would refrain from taking any hurried step at this time in regard to withdrawal of its approval of the treaty.

You may also direct the attention of the Minister for Foreign Affairs to the very critical international situation which has been absorbing the attention of Congress and which has prevented, on account of the many details to be considered, action on various pressing matters, and you may say that a special session of the Senate will leave ample opportunity to give the treaty full consideration.

You will inform the Minister for Foreign Affairs that this Government has no objection to publication of President's letter and Senator Stone's reply thereto. Text of both letters follow in subsequent cablegrams.

LANSING

File No. 711.21/357

The Colombian Minister to the Secretary of State

[Translation]

No. 33

COLOMBIAN LEGATION,
Washington, March 7, 1917.

SIR: Convinced that at this momentous and solemn hour in the history of humanity the supreme and clear duty of all the countries of America is to secure the benefits of collective action for the defense of their noble ideals of liberty within justice and the economic interests of the continent, my Government has endeavored to settle old boundary litigations with neighboring Republics in the regions of the Orinoco and Amazonas, accomplishing to that end an amicable settlement, in which, as I have already stated to your excellency, Colombia has sacrificed valuable portions of her territory for the sake of peace and concord.

Animated thusly, and for the selfsame aim of fostering harmony and solidarity, my Government, fully alive to the urgency of unifying continental interests, hopes to-day for the ratification of the pact which, signed in Bogotá on April 6 of the year 1914, is to renew the old-standing friendship between Colombia and the United States.

Admittedly the pact in itself comprises an act of justice and of international value. That has been acknowledged by eminent men in this country and in Latin America.

Furthermore, filed in the archives of the Legation under my charge, there are numerous letters that have been received from leading capitalists and business men in such centers of progress as New York, Philadelphia, Chicago and many other cities. In all of these letters is echoed a lively interest in favor of the approval of the treaty

between Colombia and the United States, a treaty which, submitted by the Executive branch of this Government to the approval of the Senate, has lain in the councils of this body since 1914.

It is impossible to allow the pending question between our two countries go on any longer without receiving a satisfactory solution. And all the more so when that solution is pressingly urged by the demands of justice, by potent reasons of international wisdom and by valuable interests of the American people.

With pleasure I avail myself [etc.]

JULIO BETANCOURT

File No. 711.21/370

Chargé Belden to the Secretary of State

No. 397

AMERICAN LEGATION,
Bogotá, March 10, 1917.

SIR: In acknowledgment of the Department's cablegram of February 28, 7 p. m., relative to the question of the pending treaty between the United States and Colombia, I have the honor to transmit herewith copies of my note to the Minister for Foreign Relations, of March 7, and the Minister's reply thereto accompanied by translation.

I first communicated the contents of the Department's instruction verbally, whereupon the Minister requested me to send a note to the Ministry containing the message for the purpose of giving the note and the reply thereto to the press. The publication of these notes has been most favorably received and has calmed somewhat the unfortunate attacks referred to in my cablegram of February 26 last.

I have [etc.]

PERRY BELDEN

[Inclosure 1]

Chargé Belden to the Minister for Foreign Affairs

No. 237

AMERICAN LEGATION,
Bogotá, March 7, 1917.

MR. MINISTER: I have the honor to inform your excellency that the President on the fifth instant called the Senate of the United States of America to a special session to consider various matters of national importance. I have been instructed to inform your excellency that one of the principal reasons for the calling of this special session of the Senate is the desire of the Government to obtain action on the treaty pending between the United States and Colombia and that all governmental forces will be exerted to secure its ratification.

The Government of the United States has the passage and ratification of the treaty in question very much at heart. It was, however, felt inadvisable during the recent short session of Congress on account of the extraordinary pressure of business to urge action at that time. I permit myself to mention to your excellency the fact that the very critical international situation which absorbed the full extent of the last session of Congress, because of the many details to be considered, prevented action on various questions of a most pressing character and that a special session of the Senate will leave ample opportunity to give full consideration to the treaty.

It is sincerely hoped by my Government that the Government and people of Colombia will not misunderstand the situation regarding the treaty which is set forth above.

I take this opportunity [etc.]

PERRY BELDEN

[Inclosure 2—Translation]

The Minister for Foreign Affairs to Chargé Belden

MINISTRY FOR FOREIGN AFFAIRS,
Bogotá, March 8, 1917.

MR. CHARGÉ D'AFFAIRES: I have the honor to reply to your attentive note, dated the 7th instant, written to inform my Government that His Excellency, the President of the United States, has called the Senate to extraordinary sessions; that one of the principal reasons for the convocation is the desire that the treaty pending between Colombia and the United States be considered, for the ratification of which every influence of the Government will be brought to bear; and that the Government is deeply interested in that the treaty receive the desired ratification.

Having communicated the note referred to to the President of the Republic, I received an order to express to you, and through your medium to your Government, as I have the honor to do, the due acknowledgment of the Government of the Republic for its new proof which the Government of the United States gives of its high spirit of justice in favor of the rights of Colombia and of the friendship between her and your nation. Of these sentiments neither the Government nor the people of Colombia could entertain any doubt, as there have been many repeated acts of His Excellency, the President of the United States, by which he has shown his decided good will towards that friendship and especially in favor of the affair, the solution of which has been desired since a long time.

I repeat [etc.]

MARCO FIDEL SUÁREZ

File No. 711.21/353

The Secretary of State to Chargé Belden

[Telegram]

DEPARTMENT OF STATE,
Washington, March 10, 1917, 4 p. m.

Department's February 28, 7 p. m. Following is text of the President's letter to Senator Stone:

I take the liberty of writing to ask you if it will not be possible to press the pending treaty with Colombia again for ratification. I must admit my surprise that there should be any objection to its consideration or to immediate action upon it in view of the unusual circumstances of the moment.

The main argument for the treaty and for its immediate ratification is, of course, that in it we seek to do justice to Colombia and to settle a long standing controversy which has sadly interfered with the cordial relations between the two Republics. In addition to that argument which should be conclusive, there is this only too obvious consideration, that we need now and it is possible shall need very much more in the immediate future all the friends that we can attach to us in Central America, where so many of our most critical interests centre.

I would very much like your advice as to this matter. It seems to me that those who oppose this treaty must be thoughtless of the present situation.

No reply was sent by Senator Stone to this letter but the following statement was issued by him to the press:

I am in full sympathy with the President's desire to have the treaty with Colombia ratified. I think its ratification is of great importance from both the standpoint of business and from the standpoint of national security. I would put behind us as far as possible the events that led up to the secession of Panama, and the establishment and recognition of an independent Government there. I would forego as far as possible a discussion of the means by which the Canal Zone was acquired. All these things have gone into history and I would not recall them in a way calculated to excite controversy on party lines.

I would like to have the treaty considered and disposed of solely on its merits. It is important for commercial reasons that the people of Colombia and of all the Latin American States should know and feel that the United States desires to deal with them generously and in the spirit of justice and that it is our sincere wish to establish between them and this country a spirit of mutual confidence, friendship and cordiality; and for even more important reasons which concern the national defense it is especially desirable that this cordial spirit of international good will should prevail between the United States and Colombia.

This is the view of President Wilson and so far as I know, of all democratic Senators. Unfortunately it appears that a sufficient number of republican Senators are opposed to it to defeat its ratification, since it requires a two-thirds vote to ratify it. I think it would be useless to press the consideration of the treaty at this session, but if the President should call an extra session of the Senate after March 4 I will do all I can to bring the matter to some conclusion.

LANSING

File No. 711.21/358

REASONS WHICH PROMPT THE RATIFICATION OF THE TREATY WITH
COLOMBIA

[Handed to the Secretary of State by the Colombian Minister March 12, 1917]

1. The United States needs to perfect its title of ownership in the Panama Canal as recognized by eminent Americans.

2. Colombia's claim is extremely just from all points of view. Mr. Roosevelt himself has categorically confessed that he took the Isthmus, despite the fact that the United States by the Treaty of 1846, and in compensation for the advantages received therefrom, was pledged to maintain the sovereignty and property of Colombia over the Isthmus of Panama.

3. The twenty-five millions which the United States offers as indemnity are not even the tenth part of the damages suffered by Colombia.

4. Mr. Roosevelt himself has recognized the duty of giving satisfaction to Colombia inasmuch as he authorized his Secretary of State—the eminent jurist, Mr. Elihu Root—to draw up a treaty with the Colombian Plenipotentiary, Mr. Enrique Cortes. That authorization is a manifest admission of the obligation on the part of the United States to repair the damages caused to Colombia.

5. During the Taft Administration Minister DuBois was twice sent to Bogotá to propose arrangements which have served as a basis for the treaty now awaiting the approval of the American Senate.

6. The ratification of the treaty cannot be refused for reasons of political partisanship. It is a matter of national interest, and it is beyond question that the American people desire the settlement of the pending question with Colombia.

7. In the present world crisis the United States should undertake continental politics tending, at all odds, to secure the unification of the Americas. When this unification shall be solemnly proclaimed in a compact whose objective be the preservation of peace and the fostering of the progress of all the nations of this Hemisphere, then the Monroe Doctrine shall have been complied with in its broad and generous purpose.

File No. 711.21/353

The Secretary of State to Chargé Belden

[Telegram]

DEPARTMENT OF STATE.

Washington, March 17, 1917, 6 p. m.

Department's February 28, 7 p. m. Senate adjourned at 3 p. m. yesterday until April 16. Consideration of the treaty was suspended until the extra session of Congress in April.

You may explain to Minister for Foreign Affairs that as extra session was called for April 16, there was but little time in special session of Senate for discussion of treaty and for that reason it was felt that there would be more chance of success in coming session of Congress. The prospects of confirmation were observed to be growing distinctly better under the influence of opinion in the country and it was felt to be wise to let this influence mature, as it is expected it will now that the significance of the treaty has been made clear at the session just interrupted.

LANSING

File No. 711.21/357

The Secretary of State to the Colombian Minister

DEPARTMENT OF STATE,

Washington, March 20, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 7th instant in which you urge the ratification by the United States Government of the treaty concluded at Bogotá on April 6, 1914, for the renewing of the ancient friendship between the United States and Colombia.

I have the honor to say in reply that the Department is giving to the subject of your note its careful consideration.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 711.21/377

Chargé Belden to the Secretary of State

[Extract]

No. 401

AMERICAN LEGATION,

Bogotá, March 24, 1917.

SIR: Previous to the receipt of the instruction of the 17th instant the press had published a cable stating that the consideration of the treaty in question had been withdrawn and conveyed the impression that this further delay meant its ultimate defeat. Upon the receipt of the Department's cablegram of March 17 I verbally informed the Minister for Foreign Affairs of its contents. The Minister seemed somewhat relieved and asked me to present a note to the same effect for publication so as to calm the feeling of doubt and pessimism aroused by the press notices. In compliance with the Minister's request and feeling that the publication of the sense of the Department's instruction would allay somewhat the increasing irritation of

the public, I sent the note, a copy of which I enclose herewith. This note was published on the following day and appears to have had the effect desired. However, as I stated in my cable of this morning, the long delay in the consideration of the pending treaty has not been forgotten and is the cause of deep resentment.

The question of the treaty is no doubt the great subject of the day in Colombia. The Minister for Foreign Affairs is apparently greatly worried, fearing the failure of the approval of the Senate. This spirit prevails throughout the governmental, political and influential social and commercial life of the capital. There is much talk of the moral and financial benefits to be derived by Colombia should the treaty be approved and the ratifications exchanged. Its refusal by the Senate would cause a deep-set and long standing bitterness towards the United States. As I mentioned in my reply to the Department's cable of the 22d instant, the tension of feeling is great.

I have [etc.]

PERRY BELDEN

[Inclosure]

Chargé Belden to Colombian Minister for Foreign Affairs.

No. 244

AMERICAN LEGATION,
Bogotá, March 21, 1917.

MR. MINISTER: With reference to my Note No. 237 of the 7th instant by which I had the honor to inform your excellency that a special session of the Senate had been called on the 5th instant and that one of the principal reasons for such session was the desire of my Government to obtain action on the treaty pending between Colombia and the United States, I now have the honor to advise your excellency that at that session, which adjourned on March 16th, it was decided not to urge the consideration of the treaty because of the lack of proper time.

Your excellency's Government well knows the keen and sincere desire of the President to obtain the ratification of the treaty. It was only because of the unusual press of business presented at the short special session that the discussion of the treaty was suspended until the extraordinary sessions of Congress beginning on the 16th of April next, when it is felt there will be more chance of a successful issue. The prospects of the approbation of the Senate were observed to be growing distinctly better because of the change of opinion throughout the country. It was felt wise to let this influence mature as it is fully expected that it will.

I take [etc.]

PERRY BELDEN

File No. 711.21/368

Chargé Belden to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Bogotá, March 30, 1917, noon.

My telegrams March 28, 6 p. m. and March 29, 7 p. m.² Minister for Foreign Affairs has requested me to urge the consideration of the treaty in the first days of the sessions of Senate stating that the Government will be unable to prevent or restrain increasing public resentment if the treaty is delayed further. He stated that modifications referred to in my telegram, March 28, 6 p. m. would not be accepted.

² Not printed.

Resignation of Colombian Minister at Washington tendered in 1915 has just been accepted by mail. If the treaty is to be considered at an early date he will delay his departure.

BELDEN

File No. 711.21/370

The Secretary of State to Chargé Belden

No. 146

DEPARTMENT OF STATE,
Washington, May 3, 1917.

SIR: The Department has received your No. 397 of March 10 last in which you enclosed copies of your correspondence with the Colombian Foreign Office regarding the question of the pending treaty between the United States and Colombia. You add that before writing the note, you communicated the Department's instructions in the matter orally to the Minister of Foreign Affairs, and that he requested you to send a note to him which he might give to the press.

Your action in the matter is approved.

I am [etc.]

ROBERT LANSING

File No. 711.21/386a

The Secretary of State to the Colombian Minister

DEPARTMENT OF STATE,
Washington, May 24, 1917.

MY DEAR MR. BETANCOURT: In taking leave of you at this time, upon your departure from the United States, as Minister from Colombia, to undertake important negotiations for your Government elsewhere, it gives me great pleasure to say to you that I consider that your labors for the treaty between the United States and Colombia have been tireless, and that whatever success may come from the treaty will be largely owing to your perseverance.

I also wish to say to you that the desire of the Administration for the ratification of the treaty between Colombia and the United States by the Senate, is, as it always has been, very great.

In this connection I wish to say that, as you can clearly see, the many delays in this matter have been caused by conditions brought about by the European war, the breaking off of relations by the United States with Germany, and latterly, by the entrance of the United States into the war.

Believe me to be [etc.]

ROBERT LANSING

COSTA RICA

POLITICAL AFFAIRS. REVOLUTION; OVERTHROW OF PRESIDENT ALFREDO GONZALEZ BY THE MINISTER OF WAR, FEDERICO TINOCO. REFUSAL OF THE UNITED STATES TO RECOGNIZE THE DEFACTO GOVERNMENT OF TINOCO OR HIS ELECTION AS PRESIDENT. ASYLUM GRANTED TO PRESIDENT GONZALEZ, HIS FAMILY AND MEMBERS OF HIS GOVERNMENT BY THE AMERICAN LEGATION. ATTITUDE OF THE UNITED STATES TOWARDS COUNTER-REVOLUTIONISTS

File No. 818.00/53

Consul Chase to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
San José, January 27, 1917, 6 p. m.

This morning Minister of War Tinoco overcame the Government of President González by force having taken possession of all arms; some dead; streets quiet; martial law. Berliner, Department of Justice, aiding; Consul and all American civilians apparently in no danger.

CHASE

File No. 818.00/54

Minister Hale to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
San José, January 27, 1917, 11 p. m.

Today about 10 a. m. Joaquin Tinoco, brother Minister of War, took possession barracks giving complete military control Republic. President declares people support Government. President González, President Congress Maximo Fernandez and Castro Quesada now under protection American Legation. President requests not recognize respective Government.

HALE

File No. 818.00/55

LIMON, January 27, 1917, midnight.

The President and the Cabinet and Maximo Fernandez, the President of Congress, request the protection of the Government of the United States to sustain legal Government.

HALE

File No. 818.00/74

Consul Chase to the Secretary of State

[Extract]

No. 24

AMERICAN CONSULATE,
San José, January 27, 1917.

SIR: I have the honor to report that this morning at ten a revolution was started in San José by Minister of War Federico Tinoco, who immediately took possession of the central and large armory of the city and the telegraph and cable offices. There was no surface indication of any unrest on the part of the people or discontent as to the policy of the administration of President González. Some firing was had later at the Post Office and rumor has it that three civilians were killed there, being Ricardo Peña and two postmen. Col. Picardo Chacon is also reported killed because he refused to surrender. At 12.30 today the President's Mansion and adjoining armory were taken by the revolutionaries, there being but 100 men with rifles there to defend them.

About 11 a. m. Secretary of State Acosta called this Consulate by telephone and said that President González was coming here for refuge. I suggested that he had better go to the Legation, but said if he came to the Consulate everything possible would be done for his protection. Later it was reported that he had reached our Legation about midday and was still there with other authorities, including Maximo Fernandez, President of Congress and Manuel Castro Quesada, the Minister to Washington.

Mr. Harry Berliner of the Department of Justice who was in the city and had been at the Consulate yesterday was very active and useful in rendering aid, as otherwise, the Consulate would have been without any aid whatever. Captain A. C. Cron of the 11th U. S. Infantry, Lieut. Uhl detailed at West Point, here on leave, also called and tendered their services, as also Dr. Louis Schapiro, Chief of the Rockefeller Foundation in Costa Rica.

Many American citizens, tourists and others called at the Consulate during the day to seek information but nothing of value could be told to them. So far as is known all of the armories have been finally surrendered to the representatives of General Tinoco. The Minister of Government of Police who was on his way from the town of Heredia about seven miles away with some troops was overpowered by the followers of General Tinoco and he was bound and brought a prisoner to the town. It is reported that Lic. Dr. Pacheco, chief counsel for the Northern Railway Co., the line between here and Limón controlled by the United Fruit Company, has advised the manager to do nothing in the way of attempting to run trains without the approval of the former Minister of War, Tinoco. Proclamation has been issued by the Military Dictator, former Minister of War Federico A. Tinoco announcing that he has taken control to save the country. Another has been issued by his Secretary of State for War and Marine. Copies of each of these are enclosed herewith.¹ *El Imparcial*, the daily paper which has been supporting the administration of President González came out with a special sheet praising the action of General Tinoco. A copy of this is also enclosed.¹ It

¹Not printed.

might be interesting to know that the editor of the special sheet had recently been deposed from the paper and another man put in his place, but this morning the other man was forcibly removed and the editor friendly to the revolution put in control.

Rumor also has it that about two o'clock this morning, i. e. Saturday, 27 inst., at 2 a. m. some loyal supporters of President González heard of the intended revolution and succeeded in getting some provisions and munitions into the armory of District No. 1, being nearest the Executive Mansion, so that it held out against the revolutionaries until after midday.

That the revolution was well planned is evidenced by the number of men in civilian dress who were given rifles and placed on picket duty. Men in uniform were stationed at the most prominent crossings of streets.

A report came to the office tonight that General Tinoco would have a demonstration before our Legation tonight and would request recognition of his Government. On attempting to advise our Minister of the same I was advised that the telephone communications with the Legation had been broken and Mr. Berliner went to advise him in person, if possible.

Further information which will likely be more reliable than that gathered under existing circumstances will be reported as obtained.

I have [etc.]

BENJAMIN F. CHASE

File No. 818.00/59

Minister Hale to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

San José, January 28, 1917, 2 p. m.

This is not a revolution but an act of treason by Federico Tinoco, Secretary of War, who suddenly removed officers of barracks and replaced them by his own. When his brother demanded surrender, of course, they surrendered barracks. The President of Congress tells me rebels say that they will assault Legation of the United States if the United States does not recognize Tinoco. The other Legations have, of course, not recognized Tinoco.

HALE

File No. 818.00/60

Minister Hale to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

San José, January 29, 1917, 4 p. m.

The people here are greatly excited over rumors that American cruisers are approaching Costa Rica. The ordinary machinery of government is now proceeding as usual and I believe that an arrangement is probable by which, with the resignation of Alfredo González Flores, legality can be given to a government that will satisfy all parties. I request, therefore, that if the said rumors are correct the ships be ordered back.

HALE

File No. 818.00/65

AMERICAN LEGATION,
San José, January 30, 1917, 6 p. m.

De facto Government has announced Cabinet composed of representatives of all factions and they are men of high rank, repute.

This morning the *Gaceta* published a decree signed by *de facto* Government calling a constitutional election deputies by popular vote; election to take place April 1; convention to assemble May 1 evidently for the purpose of forming a new Constitution and electing a President.

This seems to remedy a misrule and legalize as far as possible the new administration abroad.

This action of the *de facto* Government seems to meet with approval of the majority of the people.

HALE

File No. 818.00/60

The Secretary of State to Minister Hale

[Telegram]

DEPARTMENT OF STATE,
Washington, January 30, 1917, 7 p. m.

Department has received your cablegrams of January 27, 11 p. m., January 27, midnight, January 28, 2 p. m. and January 29, 4 p. m.

Report fully as to conditions surrounding granting asylum to González, Fernandez and Castro Quesada.

Inform the Department immediately by cable as to whether American lives or property are in danger and whether you think further outbreaks will occur.

From your cable of January 29, 4 p. m. it would appear that some arrangement is being contemplated by which a legal Government will be established and Department desires to be kept informed by cable as to all steps taken to carry this out. You will take no action which might be construed as recognition of any new Government unless instructed by the Department.

Report in detail as to causes which led to Tinoco's action and what interests political and otherwise are involved.

LANSING

File No. 818.00/67

Minister Hale to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
San José, January 31, 1917, 5 p. m.

González wishes to go to the United States to engage in [apparent omission]. It is probable that Tinoco will offer González safe conduct to Limon in a train subject to my orders there to deliver him to an American warship to transport him to Colon. I advise that this be accepted as it will clear the situation for the work of reaching a legalization of the *de facto* Government by elections, *et cetera*.

González is recognized as honest and well-intentioned and Tinoco as an accomplished but unscrupulous man. González' excellent land and income tax measures excited the hostility of the powerful privi-

leged classes while the tradespeople prefer the perfect peace which Tinoco's genius has provided to further trouble.

HALE

File No. 818.00/71

AMERICAN LEGATION,
San José, February 3, 1917, 3 p. m.

Department's January 30, 7 p. m. I was under medical treatment in my private apartment at 11 a. m., January 27, when a member of my household announced that Maximo Fernandez had sought refuge in the Legation, saying that his life was in danger. A few minutes later I was informed that the President's carriage had brought the President, Castro Quesáda, an aide de camp and secretary, with guns and pistols drawn. By the time I could dress and get down stairs, about ten, [?] the Legation was filled with frightened men to such an extent that I had to use the pantry for my office. I have since fed and sheltered the President and ten to fifteen others. Conditions for work have been extremely bad.

It is important to note that the condition appears reverse of that described in 51 of instructions to diplomatic officers; it was the Government which sought asylum.

When it was reported that American lives were in danger, I authorized the statement that there would be no intervention. At once quiet came and matters proceeded as before the *coup d'état*. My January 30, 6 p. m., describes steps should be taken legalizing *de facto* Government.

I have arranged for safe conduct of González and Castro Quesáda to the Fruit Company's ship *Metapan* sailing to-morrow for Havana and New York.

Tinoco has since declared amnesty for all and the situation is cleared for the next step, namely, what degree of recognition shall be accorded to Tinoco for a *modus vivendi*.

At the request of German and French Chargés d'Affaires I have called an informal meeting for exchange of views on Tuesday afternoon. If possible please telegraph instructions before that time.

HALE

File No. 818.00/72

Minister Hale to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
San José, February 5, 1917, 1 p. m.

I sent ex-President González and Castro Quesada to Limon by special train in charge of John M. Keith, special agent of the Legation, and clerk Smith. They were safely delivered to the *Metapan* which sailed last night at 9.30.

Ex-President González asked me to ask the United States Government not to recognize Tinoco. I suppose he means if Tinoco should be elected President as a result of his call for a constitutional assembly.

There is absolute quiet and all affairs proceed as before the *coup d'état*. It has almost ceased to be discussed.

HALE

File No. 818.00/71

The Secretary of State to Minister Hale

[Telegrams]

DEPARTMENT OF STATE,
Washington, February 5, 1917, 6 p. m.

Your February 3, 3 p. m. In view of the breaking off of diplomatic relations with Germany as reported to you in Department's February 3, 1 p. m.¹ you will of course have no intercourse whatsoever with the German Chargé d'Affaires in Costa Rica.

With reference to Department's January 30, 7 p. m. you will take no step which might be considered as recognition of Government of Tinoco.

LANSING

File No. 818.00/65

DEPARTMENT OF STATE,
Washington, February 8, 1917, 5 p. m.

Your January 30, 6 p. m. Investigate and report fully to Department as to legality of decree calling for constitutional election of deputies by popular vote and legality of calling for constitutional convention to assemble in May to form new Constitution to elect a President.

LANSING

File No. 818.00/79a

The Secretary of State to Minister Leavell²

[Circular—Telegram]

DEPARTMENT OF STATE,
Washington, February 9, 1917, 3 p. m.

You are instructed to state to the Government of the country to which you are accredited that it is desired that the following statement be made public:

The Government of the United States has viewed the recent overthrow of the established Government in Costa Rica with the gravest concern and considers that illegal acts of this character tend to disturb the peace of Central America and to disrupt the unity of the American Continent. In view of its policy in regard to the assumption of power through illegal methods, clearly enunciated by it on several occasions during the past four years, the Government of the United States desires to set forth in an emphatic and distinct manner its present position in regard to the actual situation in Costa Rica which is that it will not give recognition or support to any Government which may be established unless it is clearly proven that it is elected by legal and constitutional means.

LANSING

¹Not printed.²Same to the American Ministers at Tegucigalpa, San Salvador and Managua.

File No. 818.00/79b

The Secretary of State to Minister Hale

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, February 9, 1917, 3 p. m.

You will ask for an unofficial interview with General Tinoco and inform him that you have been instructed to hand him for his information a copy of a cablegram which has been sent to the American Legations in the other four Central American capitals for presentation to the respective Governments and you will state to him that the friendship of the Government of the United States for the Republic of Costa Rica has been such for so many years that it is most earnestly desired by this Government that nothing may occur which might injure this relationship; that the desire which this Government has of seeing the will of the people prevail in governmental matters in Costa Rica has forced it to the conclusion that no Government except such as may be elected legally and established according to the Constitution shall be considered entitled to recognition.

Following is text of cablegram to other countries in Central America:
 [Here follows above circular telegram.]

You will further make it plain to General Tinoco that no Government set up by him will be recognized.

LANSING

File No. 818.00/74

The Secretary of State to Consul Chase

No. 19

DEPARTMENT OF STATE,
Washington, February 12, 1917.

SIR: The Department has received, and read with interest, your despatch No. 24 of January 27, 1917, reporting that on that date a revolution was started in San José, Costa Rica, by the Minister of War, Federico Tinoco.

Your action in not giving information regarding the attitude of the Government of the United States is approved by the Department.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

File No. 818.00/84

Minister Hale to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
San José, February 13, 1917, 5 p. m.

In accordance with Department's February 9, 3 p. m., I met General Tinoco at Mr. Keith's residence yesterday. Besides Mr. Keith,³ Tinoco's Secretary of State for Foreign Affairs Lara, and clerk Smith

³Mr. John M. Keith, an American banker in San José.

were present. I handed to General Tinoco the copy of the note to the four other republics and read to him the part addressed to him personally. He asked if it was meant to withhold recognition from him even if he should be elected by a free vote.

He remarked that the judicial branch of the Government which was unaffected by deposition of the executive was preserving the continuity of Government.

Department's February 8, 5 p.m. Besides my own investigations I expect to get written opinions from the seven ex-Presidents.

HALE

File No. 818.00/84

The Secretary of State to Minister Hale

[Telegrams]

DEPARTMENT OF STATE,
Washington, February 17, 1917, 1 p. m.

Your February 13, 5 p.m. By authorization of the President you are instructed to inform Tinoco that even if he is elected he will not be given recognition by the United States.

LANSING

File No. 818.00/90a

DEPARTMENT OF STATE,
Washington, February 22, 1917, 4 p. m.

You will hand the following statement to Tinoco and inform him that it has been made public in the United States and in Central America:

In order that citizens of the United States may have definite information as to the position of this Government in regard to any financial aid which they may give to, or any business transactions which they may have with those persons who overthrew the Constitutional Government of Costa Rica by an act of armed rebellion, the Government of the United States desires to advise them that it will not consider any claims which may in the future arise from such dealings, worthy of its diplomatic support.

LANSING

File No. 818.00/90a

The Secretary of State to Minister Leavell⁴

[Telegram]

DEPARTMENT OF STATE,
Washington, February 23, 1917, 7 p. m.

The following statement has been made to General Tinoco at San José and he has been informed that it has been made public in the United States and in Central America: [Here follows second paragraph of above telegram.]

LANSING

⁴ Same to the American Legations at Managua, Tegucigalpa and San Salvador.

File No. 818.00/94

Minister Hale to the Secretary of State

[Telegram--Extract]

AMERICAN LEGATION,
San José, February 26, 1917, 6 p. m.

I met Tinoco this afternoon by appointment at Mr. Keith's. I informed Tinoco as instructed by Department's February 17, 1 p. m., and explained to him that on account of mistakes in telegraphic transmission it had not been received corrected until February 23.

I also handed to him a copy of the statement in Department's February 22, 4 p. m.

I understood from Tinoco that he would consult the ex-Presidents of Costa Rica and with their assistance formulate a statement covering the legal aspects of the transfer of power for presentation to the Government of the United States.

HALE

File No. 818.00/100

The Costa Rican Minister to the Secretary of State

[Translation]

COSTA RICAN LEGATION,
Washington, February 28, 1917.

EXCELLENCY: Pursuant to instructions from Mr. Alfredo González, Constitutional President of the Republic of Costa Rica, I have the honor to present to your excellency herewith a memorandum relating the facts connected with the treason perpetrated by Minister Tinoco on January 27 last, and to reiterate the request made by the President *viva voce* to your excellency on the day you had the kindness to receive that high official in the State Department.

The President wishes to have it clearly settled that he did not come to ask that American forces go to my country in order to overthrow the *de facto* Government presided over by Tinoco and to restore him, González, to the post that lawfully belongs to him, nor to place therein any of his personal or political friends. On this point Mr. González maintains the same invariable attitude which he expressed when your excellency saw fit to intimate to him the expediency of his reoccupying his post until the end of his term.

Mr. González is not actuated in this matter by the slightest idea of personal advantage, the only thing he desires being that his country may return as soon as possible to constitutional order. For this the smooth and unobstructed course which he approves is the same one which both your excellency and His Excellency President Wilson stated to Mr. González as having already been adopted by the American Government in this affair, viz., the non-recognition of the Tinoco Government, either now when he is acting as a dictator or later on when a farcical election, carried out and directed under his control, invests the traitorous Minister with the pompous and illegal title of Constitutional President of Costa Rica.

Neither Tinoco nor any of his relatives or friends can represent the spontaneous wish of the Costa Rican people, and the most effective and practical way in which that people can continue to enjoy the

peaceful and constitutional life it has been leading for half a century consists in having the traitor not reap the fruits of his crime, whether it be in a direct form or in an indirect one through some of his protégés.

And in order that neither Tinoco nor any of those surrounding him may be able to perpetuate themselves in power, nothing is needed but a negative act by the United States Government, that is, the non-recognition of that régime.

In view of the bad economic situation of the Costa Rican Government, which situation President González thought he could remedy by establishing the tax reforms undertaken by him, the life of that Government is impossible without the cooperation of foreign capital, or, more properly speaking, American capital, for it is well known that Europe is not now in a position to divert a cent of its resources in order to finance governments on this continent, and this capital could not go to Costa Rica without a responsible Government being first established there with which to deal.

With the resources which Tinoco and his followers could lay their hands on in the interior of the country, the present Government could not live over two or three months. They would then necessarily be compelled to capitulate in favor of some third party whom both Mr. González and his friends and partisans would be willing to support resolutely notwithstanding such third party were our political enemy. The only thing we ask is that it may not be Tinoco or any of his relatives, or any of the persons intimately connected with the criminal move of January 27 or with the pseudogovernment which was afterwards established.

With the assurances [etc.]

MANUEL CASTRO QUESADA

[Inclosure]

MEMORANDUM PREPARED BY MANUEL CASTRO QUESADA, ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY OF COSTA RICA, FOR CONSIDERATION BY HIS EXCELLENCY THE SECRETARY OF STATE.

On the 27th of January last, about ten o'clock in the morning, the Costa Rican Minister of War, Don Federico A. Tinoco, in defiance of the authority of the Constitutional President of the Republic, Licenciado Don Alfredo González Flores, proclaimed himself as Chief Executive of the nation under the title of Provisional Chief.

The movement was supported by the officers in command and subordinate officers of the barracks known as El Principal and La Artillería in which two places are located the entire military armament and equipment of the Republic, so that whoever secures control of those depots, secures, *ipso facto*, control of the whole country. The commanding officer of the Second Section of the Police, together with his subordinate officers, also incorporated themselves with the movement at its inception, and there then remained faithful to the legitimate President only the First Section of the Police and the Presidential Guard. President González, therefore, could have put forth some measure of resistance; but this he preferred to avoid, as resistance would have meant a number of innocent victims and incalculably disastrous consequences for the country.

Such, then, were the considerations that moved President González to refrain from resistance by force. He at once released the troops that were faithful to him, and took refuge in the American Legation, whence, at the end of a week, and still under the protection of the Stars and Stripes, he set forth to take ship at Port Limón.

The facility with which Mr. Tinoco was able to carry out his criminal purpose may be explained by the blind confidence wherein he had been held by the President, and by the unshakable faith that is the natural inspiration of military loyalty and honor. Tinoco, besides being the Minister of War, was Com-

mander General of the barracks of the capital and Director General of Police, three offices that have always heretofore been exercised by different persons, but which the President entrusted to Tinoco in the belief that his loyalty was a guaranty against any possibility of disturbance of the civil order.

Mr. Tinoco, from the moment of the inauguration of the Government he betrayed, had had in view the *coup* he finally achieved, and had from the beginning devoted himself to the development of his plans. To that end, and counting always on the absolute liberty of action allowed him by the President in his branch of the Government, he gradually introduced into the barracks elements that he knew would support him in the treason he was preparing for; by gifts and favors he attracted to his side the military personnel of the government, dismissing or assigning to posts in which they could not interfere with his designs all officers who, he feared, would not adhere to his plans; and so, when the moment arrived, Mr. Tinoco was able, without resistance on the part of the barracks—indeed, with their active help—to become master of the situation and to impose his will on the Republic.

On that instant was inaugurated in Costa Rica a régime absolutely opposed to existing law, and presided over by the person least qualified to direct the destinies of a nation. Unscrupulous and wholly without enlightenment, Mr. Tinoco has never participated in public affairs, and his history for the past forty years is confined to the fact that he is the son of a distinguished family which sent him to be educated abroad. His acquirements resulting from that education were limited to a certain skill in dress and deportment such as characterizes a man of fashion. With no other endowment than such personal graces, he returned to his country where he soon became known for his amorous adventures, an inordinate addiction to gambling, and duelling. He is a very pleasant fellow, and when a disease completely obliterated his scalp, eye-brows, eye-lashes, beard and mustache, and his physical condition became such as to interfere with his social triumphs, he dedicated himself to politics, and by means of his consummate skill in ingratiating, obtained, through a leader of one of the political parties in Costa Rica, a seat in Congress as a deputy. He there demonstrated his absolute ignorance concerning all public questions, but as he was known to be impetuous and very ready to resent by force any offense or insult, he was favored by his party and served it in politics as a sort of bravo of the Middle Ages.

The political evolution of 1914 placed the Presidency of the Republic in the hands of Don Alfredo González, and that gentleman, having entertained a true affection for Tinoco, and having believed him to be a loyal adherent, decided to entrust to him the Ministry of War, in the conviction that he could rely on his strong arm with entire security and so dedicate himself without anxiety to the great work to which all his energies were to be devoted, e. g., the reconstruction on a scientific and rational basis of the nation's finances which had theretofore been administered on foundations empirical and absurd.

From the very moment when Tinoco was raised to the office of Minister, the entire country predicted the very thing that happened. Indeed, on a certain occasion his excellency the President of Nicaragua, Don Adolfo Díaz, through the medium of the Costa Rican Minister at Managua, warned President González that Tinoco would betray him. But President González was deaf to all such warnings, both from within as well as from without the country, and instead of removing Tinoco from office continued day by day to repose in him more and more of his confidence and conferred upon him an increasing measure of public duties, until, as above stated, on the day when Tinoco perpetrated his great crime, that false friend occupied the offices of Minister of War, Commander General of the Barracks of the Capital and Director General of Police.

The time fixed by the Constitution for holding the presidential elections approached, and the writer, believing that the best interest of the country called for the continuation in power of President González, for an additional term, conferred with Minister Tinoco and proposed the idea. Tinoco manifested entire concurrence therewith, availed himself of the opportunity to reaffirm his loyalty and adherence to the President, and in company with Don Juan Rafael Arias, Minister of the Interior, and the undersigned, called upon the President and begged him to accept the candidacy for a second term.

The President, in positive and unequivocal terms, made it clear to us that he would not accept reelection, and, to avoid misunderstanding on this point, and to make his intentions perfectly understood by all, immediately summoned the other members of the Cabinet, Messrs. Acosta, Foreign Minister; Guardia, Minister of the Treasury, and Pinto, Minister of Public Works, and in their presence reiterated his unshakable determination not to accept reelection. One of Mr

González's principal reasons for not accepting that proposition, and which he expressed to his neighbors, was that, engaged as he was in agrarian, taxation and banking reforms, reforms that had for their object the introduction of a more just distribution of public burdens and national production to prevent the holding of immense extensions of uncultivated land by a single person, and the devising of means whereby all Costa Ricans might develop the great possibilities of labor offered by their country, his work must of necessity interfere with the interests of the wealthy classes to the benefit of the poorer classes; and that, therefore, the great power represented by capital, which up to that time had weighed heavily upon the poorer classes, who had borne the largest part of the burden of national support under the system of indirect taxation that alone, thus far, had existed in the country, would bitterly oppose his reelection and interpose every obstacle thereto within their reach.

The President said to us, "I understand that my reforms will seriously affect my popularity. If I wish to continue in power, I must not provoke the hostility of the wealthy class; but as I seek only the welfare of Costa Rica, I cheerfully sacrifice any personal ambition I may have and shall continue to carry forward my projects of reform. I, therefore, cannot launch my candidacy for a second term, but instead will have the satisfaction of knowing that I have endowed the country with equitable and just laws that will place upon all the inhabitants of the country the obligation to contribute to the public expenses thereof according to their economic capacity, a contribution that will increase progressively for the more powerful classes."

The writer quotes the above declaration of President González because the fundamental reason put forth by Tinoco in his proclamations and documents in justification of his act is that he brought about the *coup d'état* solely for the purpose of preventing the President's reelection. And yet, as has been stated, Tinoco himself heard the President's answer that he would not accept the candidacy for a second term!

The fact that after the treason was consummated Tinoco surrounded himself with numerous adherents relatively important, finds explanation in reason of different nature. In the first place the fear inspired by the Tinoco brothers—men without scruples, possessed of a history showing a homicide and a series of acts of violence of abominable character,—moved most people to prefer to affect a measure of acquiescence rather than bring down upon their heads the wrath and vengeance of men known to the country as wholly implacable. Another cause lies in the satisfaction resulting to the reactionaries and great owners of uncultivated lands from the knowledge that with the González Government disappears the land tax.

In this connection the writer is constrained to remark upon the notable assistance given to Tinoco by the American concern known as the United Fruit Company. Assistance was given by that company to such an extent that the American Minister at San José found it necessary to send one of the clerks of his Legation to Port Limón in order to transmit to the Department of State a report of what was going on. The company positively refused to allow the use of its wireless stations or telephone lines, and even the special train asked by the Minister to send the clerk to Port Limón was not granted until after five hours of constantly repeated requests. This interest of the United Fruit Company is explained, in the first place, by its disinclination to accept the new system of taxation, and, in the second place, by the personal friendship which for many years has united Mr. Minor C. Keith (one of the principal directors of the company) with the Tinoco family. Mr. Keith, who is before all a business man in the broadest sense of the term, well knows what a good business can be done with the aid of a government that is somewhat unscrupulous, and knows also that no one in Costa Rica is better qualified to collaborate with him than Tinoco.

It is a matter of common knowledge that Mr. Keith is now seeking to advance a project that will give him control over all the water power of the country, a project which about six months ago was submitted to the consideration of President González, but which the latter indignantly rejected, acting in that matter as he has acted in all matters throughout his entire life, as a patriot and as a man of spotless honor.

Without the possibility of a doubt we can assert, however, that, under Tinoco, the project will prosper, and under conditions more burdensome to the country but advantageously to the concessionary and those who will assist him in carrying through the concession.

Such, then, in general lines, are the events that have just taken place in Costa Rica, and such is the moral aspect of their protagonist.

File No. 818.00/203

The Agent of the De Facto Government of Costa Rica to the Secretary of State

THE ARLINGTON,
Washington, March 12, 1917.

MR. SECRETARY: I have the honor to hand you herewith a memorial in which are set forth the reasons underlying the deposition of Don Alfredo González from the Presidency of Costa Rica on the 27th of last January, and the proclamation of Don Federico Tinoco as Provisional Chief of the Republic pending the establishment, by free popular elections, of the constitutional régime.

As an accompaniment to the memorial, I enclose a translation of certain statements made by Don Máximo Fernández, ex-leader of the Republican party in Costa Rica, in an interview granted by him to *La Información* of San José and published in that newspaper's issue of February 24, ultimo, copy of which issue I also enclose herewith.¹ These statements are of the first importance in making clear the truth respecting the project for his reelection pursued by Don Alfredo González and the methods by which he proposed to carry out his project.

I take pleasure in placing myself at the disposition of the Department of State for the purpose of explaining, or adding to, the facts set forth in my memorial, and answering any adverse criticism or charges that may have been lodged against Don Federico Tinoco at the Department.

With assurances [etc.]

R. FERNÁNDEZ GUARDIA

[Inclosure]

MEMORIAL

The undersigned, as agent of the *de facto* Government of the Republic of Costa Rica, has the honor to submit for the consideration of the Department of State the following statement, in order that the Government of the United States may be fully informed as to the facts and reasons that underlay the upheaval of the 27th of January, 1917, in Costa Rica, which resulted in the overthrow of the administration of Don Alfredo González and the proclamation of Don Federico Tinoco as the Provisional Chief of the Republic.

At the outset it must be observed that after more than forty years of peace and constitutional government a country as quiet and well ordered as Costa Rica could not have had recourse to such measures unless swayed by reasons of a powerful and urgent nature. Such reasons were in fact present, and, for a proper comprehension thereof, should be studied from their very inception. This makes it necessary to enter into a brief historical narrative.

Costa Rica, from the time of her emancipation from Spain, has been governed practically by a sort of oligarchy similar to that which has controlled Chile—with this difference, however, that what may be called the Costa Rican oligarchy is not an oligarchy exclusively of patrician families, but, rather, one of intellect. In its ranks have always figured many men of humble origin, who, nevertheless, because of their recognized merit and honorable character, have discharged the highest functions of the State. In a word, what, for want of a term that would better describe that particular directive group, I call the Costa Rican oligarchy, is entirely open to all men of true merit, whatever their origin.

Incontestably it is true that the presence of so substantial an institution in Costa Rica's political life has contributed more than any other element to the good government with which she has been blessed, for it has kept from power politi-

¹Not printed.

cians who were actuated by mere vulgar ambition and men of mediocre abilities. But about twenty-four years ago a political party was born, demagogic in its methods, which from the very first showed that its main aspiration was to supplant in the Government of the Republic the country's ablest men. That party, in 1901, took the name Republican and its leader since that time has been Don Máximo Fernández.

It would be useless to deny that up to the present the Republican party has enjoyed much strength. None the less, it is certain that the principal source of that strength has been derived from the ignorant masses. It is also unquestionably true that the Republican party has never controlled the majority of the voters in Costa Rica. Its advantage has been in maintaining a compact organization, whereas what I have described as the oligarchy has frequently split up into factions, as occurred in the last presidential elections in 1913, when the Republican candidate received 28,000 votes as against the 38,000 that were divided between the National Union party (20,000) and the Civil party (18,000), for which reason, notwithstanding the fact that the Republicans were thus in the minority, they came into power in May, 1914—though not with their candidate, Don Máximo Fernández. Don Alfredo González instead became President without having received a single popular vote.

So strange a result calls for explanation: It is provided in the Constitution of Costa Rica that when three or more candidates present themselves for the Presidency and no one of them secures an absolute majority of the votes (i.e., one-half of all the votes cast at the polls, plus one or more), it shall devolve upon the Congress to decide the election by choosing between the two who shall have received the greater number of the votes cast by the people.

Because of the fact that the forces of the three parties that were contesting in 1913 were about evenly balanced, it became evident that no one of them could secure the absolute majority prescribed by the Constitution and that the election must of necessity be thrown into Congress, whereupon the National Union and Civil parties, both of which represented factions of the above-mentioned historic oligarchy, resolved to enter into a compact whereby the deputies in Congress of each should vote for that candidate of either who might receive the larger number of the popular votes. Thus, when the adherents of those two parties presented themselves at the polls, they cast their votes conscientiously and indiscriminately for Dr. Durán (the National Unionist candidate) and for Don Rafael Yglesias (the candidate of the Civil party).

Dr. Durán received the larger vote and was, therefore, unquestionably legally elected President of the Republic, since he received 38,000 direct votes against 28,000 cast for Don Máximo Fernández. Such at first was the understanding of the whole country. It was an election, too, to which no one made objection, for it had been conducted with perfect freedom.

The election, however, was to be perfected by Congress, which was composed of 43 deputies, distributed as follows among the three parties: National Unionists, 18; Civilists, 12, and Republicans, 17, an alignment that gave to Dr. Durán a majority of 13 votes; and, this being the situation, certain leaders of the Republican party who could not bring themselves to accept its defeat—notably Don Manuel Castro Quesada—resolved to exploit the ambitions of Yglesias in order to prevent the accomplishment of the freely expressed will of the majority of the people of Costa Rica, and, to that end, proposed to make him President if he would break his agreement with Dr. Durán.

Yglesias allowed himself to be seduced. He violated his compact with the National Union party and entered into a new agreement with the Republicans, an agreement which, it should be noted, could not have been carried out except by the violation, also, of the constitutional provision that imposes on the Congress the duty to elect the President by choosing between the two candidates who receive the greatest number of all the votes cast. In the case in question Fernández and Durán were the two candidates who received the greatest number, Yglesias having in fact been excluded.

Subsequently those leaders of the Republican party declared that they had never intended to act in good faith with Yglesias, whom they particularly abhorred. They asserted that the real purpose they had in view was to profit by the natural indignation excited in Dr. Durán and his party against Yglesias in order thus to bring about a condition of affairs in which the National Unionist deputies, rather than permit the unconstitutional election of the disloyal ally, would vote for Don Máximo Fernández. But the plan came to naught because of the positive refusal of the Nationalist to deliver the Government of the Republic over to Fernández.

It was then that the leaders of the Republican party planned a combination by means of which the candidates Fernández and Durán were to be sidetracked by virtue of a renunciation they were to present to Congress and which would permit that body to elect a Designate (Vice President) to exercise the executive power during the term 1914-1918. The Republican authors of this plan proposed, as such Designate, Don Manuel Castro Quesada and other Republican leaders, but these were all rejected. Don Federico Tinoco, the sole Republican leader who had not entered into the combination with Yglesias, and who was opposing that combination openly, then suggested the name of Don Alfredo González, who, after much discussion, was accepted.

This was a combination, then, that was brought to fruition through the failure of the Republicans to abide by the agreement entered into with Yglesias, as Yglesias himself had failed to abide by the compact signed by him with Dr. Durán. Thus González entered upon the exercise of executive power on a foundation consisting of two breaches of the given word, of a violation of the Constitution, and of a mockery of the will of the people of Costa Rica, expressed at an election both free and popular. He was elected first Designate and the Congress called him to exercise the supreme power as President of the Republic, technically by virtue of the withdrawals of Fernández and Durán.

The agreement between Dr. Durán and Don Alfredo González that brought the latter into power was signed on the 28th of April, 1914, in the house of Don Federico Tinoco, who had acted as mediator between them. In the belief that he could prevent a *pronunciamiento* by the military forces, the adherence of which to Durán was notorious, and which might have been occasioned by the failure of the Civilist deputies to fulfill their agreement with Durán, that gentleman patriotically renounced his unquestionable rights. The conditions imposed upon González by Durán in the agreement of April 28, 1914, were few in number and wholly of a patriotic character—such, for instance, as not to enter into contracts involving the national sovereignty, not to sell the Pacific Railroad, not to interfere in the politics of other Central American Republics, and to guarantee, in an effective manner, the freedom of elections.

On the same day Dr. Durán, Don Alfredo González and Don Federico Tinoco presented themselves before President Jiménez and communicated to him the agreement that had just been signed by the two gentlemen first named, together with a document subscribed by twenty-two deputies, wherein they agreed to vote for Don Alfredo González in the manner above set forth. They also asked President Jiménez to guarantee that agreement against the danger of a protest by the military forces. President Jiménez acceded to their request and placed all the military forces as well as the police under the orders of Tinoco, who thereupon undertook to guarantee the execution of the compact between González and Durán. González took refuge in one of the barracks of the Capital, from which place of safety he did not venture forth until the 8th of May, 1914, when he emerged to take possession of the Presidency of the Republic.

As may be seen, the foregoing presents many of the characteristics of a *coup d'état*, and, therefore, the legality of the election of Don Alfredo González would seem to be very doubtful. It is unquestionably true that the Congress ignored the constitutional mandate to elect the President by choosing one of the two candidates who had received the greatest number of votes. It is also true that the candidates Durán and Fernández could not renounce their rights until after the election had been held by the Congress. Furthermore, the fact that Don Alfredo González set out from the barracks in the midst of an elaborate display of military suggested an intention to exert pressure upon Congress, a proceeding that naturally brought about violent protests; and there can be no doubt that the country had never considered Don Alfredo González as a truly constitutional President.

The surprise caused by González' election by the Congress was enormous. He was at that time a man almost wholly unknown. He had never exercised any other public functions than those pertaining to the office of deputy in Congress during the administrations of González Víquez and Jiménez, and he never at any time distinguished himself in that office. A bill introduced by him relating to a mortgage bank was looked upon by every one as puerile, and that was the only measure that marked his political career.

But to resume: Why the office of President had not been cast upon Dr. Durán, or at least upon Fernández, or even upon Yglesias—since these were the men who had been discussed for the office and who had received the popular votes—the people could not understand. It was a deception that

was so great and far-reaching that even the Republicans themselves were not satisfied with the result. However, thanks to the peaceful temperament of the Costa Rican people, no disturbance of the public order resulted, though feared. The acts of the unknown and unheralded President, the people resigned themselves to await. They trusted González to hold himself free from the influence of certain Republican leaders and to avail himself of the support that was loyally and disinterestedly offered him by Dr. Durán and his friends, among whom were nearly all the men of the highest political reputation in Costa Rica.

But these were illusions that were of short duration. President González lost no time in betraying a spirit of stubbornness and an autocratic attitude that made all approach impossible. Nevertheless, in Congress the Nationalist deputies loyally gave their support to his policies up to the day on which González openly broke the agreement he had signed with Durán, that is to say, up to the time of the congressional elections at the end of 1915.

It has already been shown that one of the clauses of the agreement of April 28, 1914, stipulated that President González should guarantee the freedom of elections during his entire administration. The freedom of elections had already come to be looked upon as an ineradicable principle in Costa Rica's national life. It had gradually come to be enjoyed by the people until, during the two previous administrations: of González Víquez (1906-1910) and Jiménez (1910-1914) it had become complete. Don Alfredo González did not know how, or did not wish, to emulate his predecessors in that regard. Greatly to the chagrin of the citizens, he openly violated that liberty.

The congressional elections in 1915 constitute a black page in the history of Costa Rica and represent a sad retrogression in the progress of the country toward the establishment of true republican institutions. Thousands of citizens were arbitrarily excluded from the lists of voters. From those lists, in the Capital alone, which has scarcely forty thousand inhabitants, nearly two thousand citizens were eliminated. Under such conditions the result of the election was a foregone conclusion. The parties in opposition, which had united against the González Government, and although unquestionably composing the vast majority, were enabled to elect only two deputies in the whole Republic.

From the day on which González committed this violation of the freedom of elections, the people of Costa Rica became convinced that he could not serve out the balance of his term in peace. The outrage against the law and the liberties of the people was too flagrant to be tolerated by the country and the breaking of his given word made that outrage even more intolerable. To all accusations launched by the opposition press against the breach of the agreement with Dr. Durán, González replied in his newspaper, *El Imparcial*, that he was under no obligation, as President, to fulfill an agreement signed by him as Alfredo González, the individual. This is an answer that paints more effectively than I could hope to do the character of the man who had made bad faith into a principle of government.

So convinced was the undersigned that such must be the result of so outrageous a violation of the freedom of elections that, in a conversation he had at that time with Major Edward J. Hale, United States Minister to Costa Rica, in the presence of Mr. Samuel T. Lee, United States Consul at San José, he predicted that sooner or later revolution would come. Possibly Minister Hale has informed the Department of State of this conversation.

After the elections of 1915, González' unpopularity, then already very great, increased from day to day until it became, if I may so express it, unanimous. It was an unpopularity in fact such as had never been known in Costa Rica from the time that State came into existence as a nation. And that violation of the suffrage was not the only basis of President González' unpopularity. There were many others: his notorious incapacity, for example, and his utter lack of preparation and training for the high office of which, through mere casualty, he had become the incumbent. This might have been remedied had he had the modesty to surround himself with competent men, but he could not bring himself to a recognition of any superiority.

Under such conditions the administration of public affairs resulted in veritable chaos, particularly with respect to the finances. The custom established by his predecessor, Don Ricardo Jiménez, of making public all expenditures in behalf of the State ceased when González came into power, and this was an omission that in large measure made possible the great squandering of the public funds during his government. Public opinion could not look with patience upon the spectacle of the expenditure by González of relatively enormous sums in osten-

tatious living and in the embellishment of his native city (Heredia) at a time when poverty was rife throughout the country and in the face of the economic crisis that existed, and at a time, moreover, when, because of lack of funds, public service works of peremptory necessity stood paralyzed.

A further tax on that patience was the sudden and inexplicable enrichment of certain of his intimate friends and the prodigality of others. The numerous brothers of González and all his relatives were placed on salary or in one way or another were receiving the nation's money. Under the González administration Costa Rica saw for the first time a Secretary of State engaged in business transactions with the Government, the case of Don Juan Rafael Arias, Secretary of the Interior.

Another cause for profound disgust was the discourteous, at times insolent, manner in which González treated the most eminent men of the country. On one occasion he insulted even former President González Víquez, a man who is admired and loved by every one in Costa Rica because of his great virtues and his goodness and kindly character. Also, in this connection, mention should be made of the unjust destitution of the former Minister of Costa Rica in Washington, the late Don Joaquín Bernardo Calvo, whom González condemned to death in miserable surroundings and afterwards opposed a plan, undertaken in Congress, to grant a moderate pension to the family in recognition of Calvo's twenty years of loyal service to his country at the Capital of the United States.

Another ground of serious displeasure throughout the country was the intrusion of foreigners in the Government of the Republic. It was universally known that González was much under the power of Dr. Diéguez, a Guatemalan *émigré*, and particularly of a German agent by the name of Johann Kümpel, the author of the tax measures recently voted by the Costa Rican Congress. The decisive influence of Kümpel on the mind of President González, his Prussian insolence and his despotic ideas, particularly wounded the pride and dignity of Costa Ricans.

This pernicious influence of Kümpel made itself felt in all of González' policies and was apparent even in the public documents bearing the Presidential signature, as is shown by the fact that they were replete with phrases referring to ill-digested democracy and false liberalism—phrases that had appeared frequently in the newspapers over the signature of Kümpel. In a letter, for instance, addressed to a daily paper of the Republic of El Salvador, González went so far as to describe the liberties of the people as *inútiles zarandajas* (useless trifles).

All these things indicate clearly that González was becoming infatuated with the idea of converting himself into a dictator; and again the country began to concern itself with the idea of revolution, an idea which had agitated it profoundly at the time of the elections of 1915. But counsels of prudence prevailed.

It was resolved to wait and see what attitude González would assume toward the presidential elections, which were once more approaching.

Suddenly, toward the end of last December, alarming rumors began to be circulated to the effect that González would stand for reelection. The Constitution of Costa Rica prohibits the reelection of a President for the next ensuing term, but it was given as a pretext for the reelection of González that he had exercised the executive power only in the capacity of a Designate. Those who favored the project—of whom Don Manuel Castro Quesada was the leader—maintained that González was indispensable to the welfare of the country and to the perfection and enforcement of the new tax laws.

In fact the deputies elected in 1915, the country being then practically in a state of siege, and who really represented only the will of President González, had just voted in extraordinary session a land tax and an income tax that provided for an enormous increase in the taxation of the country, which was already staggering under the weight of indirect taxation. In the beginning González' plan had been to substitute one system of taxation for another and he so informed Congress in a presidential message. The project was thereupon accepted by Dr. Durán and his friends. But immediately González contradicted himself in another message, wherein he declared that it was no longer his idea to supplant the existing tax laws, and added that, not only was he not disposed to economize, as recommended by former President González Víquez, but that it was necessary to increase the public expenditure fifty per cent.

These astonishing statements caused consternation throughout the country, and these projects of President González were judged to be so ill-advised and prejudicial that the very deputies elected by him especially for the purpose of imposing the new imposts on an unwilling country showed themselves indisposed to vote them. However, as Don Máximo Fernández, who was President of the

Congress and leader of the Republican party, exercised a decisive influence over those deputies. González proposed to make him President of the Republic for the term 1918-1922 if he would, in exchange, secure the adoption of the tax measures. Fernández accepted the proposal and the laws in question were enacted.

Nevertheless, this did not prevent President González, about the middle of January last, from despatching Castro Quesada with a message to Fernández informing the latter that he (González) had retired from his agreement and proposed to bring about his own reelection in a violent manner. The people of Costa Rica were in no way surprised when they learned of this new act of bad faith on the part of González, for already they well knew the value that could be placed on the President's word, and, because of this, from that moment they began to prepare to resist, by all means possible, the perpetuation of González in power.

González now maintains that he never seriously thought of reelection. He must know the truth on this point, although it is possible that he has not stated it; but what is an unquestionable fact, not denied by him or by any of his friends, is that his positive resolution was to prevent the free election of his successor. As soon as they became certain of this resolution, the opponents of González' Government—among whom, without exception, were all of the men of real worth in Costa Rica—determined to resort to the extreme measure of revolution as the only means of securing a return to the régime of freedom and good government to which Costa Rica owes the honorable reputation she enjoys in the family of nations. With respect to the means to be employed to that end, opinions were divided. Whereas some were for civil war as a necessary evil, maintaining that excessive love of peace had corrupted and enervated the people, others opposed that plan and expressed a preference for a *coup d'état*, whereby the same result could be accomplished without any great disturbances. The latter opinion prevailed and was the real origin of the upheaval of the 27th of January last.

The only man who could bring those hopes to fruition was Don Federico Tinoco, because, although in later years he had affiliated with the Republican party, by family tradition and education he was allied with what I have called the Costa Rican oligarchy, and the latter had confidence that if he should come into power he would surround himself and the Government with men of real merit. Furthermore, Tinoco was the guarantor in the agreement of April 28, 1914, and was morally bound to see to it that that agreement was fulfilled, as had been many times demanded by the friends of Dr. Durán. In reality Tinoco, in deposing President González, yielded to the irresistible pressure of public opinion, as shown by the circumstance that, from the first moment of the *coup d'état* from the entire country, especially all the men of political and social importance, gave their support to the new government.

This is a notorious fact, indisputable and easily susceptible of proof. Whatever may have been the origin of Tinoco's Government, that Government represents the will of the vast majority of the citizens and enjoys undeniable and widespread popularity. It is enough to say that the seven former Presidents now living in Costa Rica have given it their support, that all have accepted, with every manifestation of gratification, appointment to the commission charged with the preparation of the reforms to be made in the Constitution with a view to correcting the defects that have crept into the operation of that instrument through the methods above set forth. Five of those gentlemen: Don Bernardo Soto, Don Ascensión Esquivel, Don Cleto González Víquez, Dr. Durán and Don Rafael Yglesias, are serving in the capacity of active members, and the other two: Don José J. Rodríguez and Don Ricardo Jiménez, as counsellors. These seven former Presidents represent more than thirty years of Costa Rican history and all are men of the highest standing.

Further proof of the great popularity of the *coup d'état* lies in the extraordinarily peaceful manner in which it was effected. No one was killed, no one was arrested or placed in restraint for more than twenty-four hours, no one was injured. Instead, the 27th of January, 1917 was a veritable festal day in Costa Rica. The normal life of the Capital was scarcely altered during the few hours covered by the incident. On the same night all the theaters were filled as though nothing unusual had taken place. Even the foreign colonies manifested their gratification, with the exception, possibly, of the German colony, which looked upon the change in government as a stroke directed against the German interests in Costa Rica.

Since then the country has continued to live in the most perfect peace. Tinoco made up his Cabinet of men of excellent reputation, and belonging to the different political parties, in order to demonstrate his intention to make his Gov-

ernment truly national. The courts of justice have continued in operation without the slightest interruption; the laws are being scrupulously enforced, liberty is complete, and absolute confidence reigns throughout all classes of society.

Immediately after the *coup d'état*, a notice of convocation was sent out to the people, in accordance with existing law, with a view to the election of a Constituent Assembly. The elections are to be held on the first of next April and the Assembly was to begin its sessions on the first of the following May, but later, in obedience to the general desire that the country should return as soon as possible to the constitutional régime, a decree was issued on the 23d of February last providing that the Assembly shall meet on the 11th day of April and that the election of a President, by direct popular vote, shall be held on the first day of that same month.

This Constituent Assembly is being convoked by virtue of the law of 1901, which contains the provisions enacted for the purpose of governing reforms in the Constitution. The procedure is, furthermore, in accordance with the constitutional historic right of Costa Rica. By means of the same instrumentality all former changes in the constitutional order have been effected, to wit, those of 1838, 1842, 1859 and 1870.

In deposing President González, whose government had become an intolerable burden to the country, Costa Rica has made use of a sacred right that resides in all peoples: the right of rebellion. On that right has been built all the liberty in the world. To deprive a people of the right of rebellion is to condemn it inevitably to be the victim of tyranny; otherwise political assassination would be encouraged as the sole means left to rid the people of bad government. In a country as peaceful and well ordered as Costa Rica, but at the same time as jealous of its liberties, there could be no other way of avoiding the danger of rebellion than to guarantee effectively the freedom of elections, a freedom that Don Alfredo González failed to respect in 1915 and which he was preparing soon to violate anew in a manner even more serious.

The little upheaval in Costa Rica has now passed into history. She has resumed, well satisfied, the even course of her life of peace and industry by means of a general reconciliation of all political parties, which have grouped themselves spontaneously about the new Government. She is now concerned only with the fact that foreign countries do not fully understand this thing that the people have been obliged to do under the compulsion of imperative reasons and circumstances that have been stronger than its love of order and its traditions of peace.

Every change of government, whatever may be the manner in which it is brought about, strikes at many interests and ambitions. Don Alfredo González and the tiny group made up of his friends builded upon their desire to maintain themselves in power during a long period of years, although against the expressed will of the people of Costa Rica. It is natural and human they have not yet been able to resign themselves to an abandonment of their illusions and that they should foster the desire to revenge themselves upon the man who has destroyed those illusions—the very man whom they once loved to eulogize, the man whom they now picture as a vulgar bandit.

If Don Federico Tinoco were in fact a man such as Don Alfredo González and Don Manuel Castro Quesada are now making him out to be before the people of the United States, it would be interesting to ask them why they distinguished him for so many years with their intimate friendship and why they availed themselves so often of his services. One would be led to believe, also, that the only two men of honor now existing in Costa Rica are González and Castro Quesada, because they are practically the only men of any political importance who are not now giving their support to Tinoco.

Don Federico Tinoco belongs to one of the most prominent families in Costa Rica. He was educated in the United States and in Europe and is a man of refinement and good habits. His wife is one of the most distinguished ladies in Costa Rica and the home she has made with her husband is a model of dignity and refinement. All that can be said against Tinoco is that he is a man of force and, therefore, has made enemies. But there is not a strong man on the face of the earth who has not made enemies. Yet even those very men who were formerly his political enemies have now become his resolute supporters, notably the ex-President Don Ascensión Esquivel, because all consider him to be the only man who, in the present circumstances, is capable of maintaining the unity of political parties which is indispensable to the peace and welfare of the country. If for any reasons Tinoco should be obliged to separate himself from the Government of the Republic, Costa Rica would immediately become the prey of anarchy and would soon find herself in a situation similar to that of unhappy Mexico.

On the other hand, in the short time he has governed the Republic, Tinoco has given convincing proofs of his prudence and political tact, proofs that have won for him the good will of all, and at the same time he has been able to inspire on all sides the greatest confidence, as is shown by the decided support that is being extended to him by all the financial institutions of the Republic, which have just loaned his Government three million colones on the most favorable terms. In so far as relations with the other Central American countries are concerned, Tinoco has declared positively that he will faithfully adhere to and fulfill the Conventions of Washington, and, furthermore, has categorically given the Government of Nicaragua to understand that he will not permit any activities on the part of its enemies in Costa Rica.

The undersigned rests in the hope that the Department of State will give its distinguished consideration to the facts above set forth.

R. FERNÁNDEZ GUARDIA

WASHINGTON, March 12, 1917.

File No. 818.00/54

The Secretary of State to Minister Hale

[Telegram]

DEPARTMENT OF STATE,

Washington, March 15, 1917, 6 p. m.

Department's February 9, 3 p. m. and February 17, 1 p. m. Your February 13, 5 p. m. If you have not already done so, you will confer with ex-Presidents and Chiefs of Legislatures of Costa Rica. Explain to them carefully the attitude of the Department as mentioned in the cables referred to above.

You will informally and discreetly suggest to them that they give out the information referred to, to the end that the people of Costa Rica may be given a fair understanding of the attitude of the Government of the United States.

Report in full by cable the results of your action in the matter.

LANSING

File No. 818.00/120

Minister Hale to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

San José, March 29, 1917, 10 p. m.

After much trouble with sundry objections to overcome including Government's contention that a diplomatic communication should not be addressed to an unofficial body, ex-Presidents Gonzáles, Viguez, Esquivel, Soto, Yglesias and Durán met this afternoon and after considering the information contained in Department's February 9, 3 p. m., February 17, 1 p. m., and March 15, 6 p. m., unanimously agreed to the following statement:

The ex-Presidents support the present order of affairs which is upheld by the will of the people and which presents the opportunity of giving to the country a new constitution which shall better fulfill its political needs and aspirations.

HALE

File No. 818.00/123

AMERICAN LEGATION,
San José, April 2, 1917, 4 p. m.

Election held yesterday without disorder or opposition. Government claims fifty thousand plurality total electorate of seventy thousand. Voluntary vote small. Reports of flagrant ballot box stuffing. No enthusiasm and strong reactionary feeling apparent.

HALE

File No. 818.00/123

The Secretary of State to Minister Hale

[Telegram]

DEPARTMENT OF STATE,
Washington, April 5, 1917, 5 p. m.

Your April 2, 4 p. m. Department has been informed by other sources that Tinoco was elected President of Costa Rica. This is not clear from your telegram. Please report immediately by cable to Department.

LANSING

File No. 818.00/124

Minister Hale to the Secretary of State

[Telegram]

AMERICAN LEGATION,
San José, April 6, 1917, 11 a. m.

Relative April 5, 5 p. m. There is but one government here, that of Tinoco. I have used the words Tinoco and government interchangeably as in my March 31, 5 p. m. Please substitute Tinoco for government in my April 2, 4 p. m. There was no opposition to Tinoco in the election. I regret that I did not make myself clear.

HALE

File No. 763.72/3752

Mr. Fernández Guardia to the Secretary of State

THE ARLINGTON,
Washington, April 9, 1917.

MR. SECRETARY: The United States having declared that a state of war exists with the Imperial German Government, my Government has instructed me to reiterate to your excellency the assurances of Costa Rica's most sincere and loyal friendship for the United States.

The Costa Rican Government considers that it is the duty of all American Republics to support, at least morally, the noble attitude assumed by the United States in defense of the highest ideals of law, of right and justice, and of democracy.

The Republic of Costa Rica regrets that, because of its lack of material strength, it cannot in this crisis tender to the United States more substantial cooperation; but if it might be permitted to dem-

onstrate its solidarity with the Government and people of its great sister Republic of the North in such manner, for instance, as by permitting the use of its waters and ports for war needs by the American Navy, that form of cooperation would be undertaken with the greatest satisfaction.

With great pleasure I reiterate to your excellency [etc.]

R. FERNÁNDEZ GUARDIA

File No. 818.00/194

Mr. Tinoco to President Wilson

[Telegram—Translation]

SAN JOSÉ, April 11, 1917.

I hasten to bring to the knowledge of Your Excellency that to-day I have taken possession in the presence of the National Assembly constituent, of the office of President of the Republic to which I have been called by the free and manifest will of my fellow citizens and it is my most fervent desire to sustain with the Government which Your Excellency so fitly directs the most cordial and sincere relations, and I make an expression of my own sentiments in asking Your Excellency to be pleased to receive for the American Government and people, in the present situation of war in which they are found, a message of devoted and sincere sympathy.

F. TINOCO

File No. 818.00/141

Chargé Johnson to the Secretary of State

[Telegrams—Extracts]

AMERICAN LEGATION,

San José, April 30, 1917, noon.

Respectable advocates recognition much disturbed and discouraged over rejection of provision for senate by constitutional convention regarded as very important reform. They fear rejection of other essential checks in project of constitution prepared by ex-Presidents, and doubt reconsideration, as changes advocated by Tinoco himself.

These all look towards facilitating a dictatorship. However, they have of their own initiative told him he would lose support of ex-Presidents if changes in their plan permitted, so not final. Other objections they have are: first, ex-Presidents not made members of constitutional convention; second, personnel wholly chosen by Tinoco and very poor; third, same men automatically become Congress; fourth, convention immediately appointed designates for full terms, first being brother of Tinoco instead of providing for Vice President to be elected by the people in advance of adoption of constitution.

JOHNSON

File No. 818.00/143

AMERICAN LEGATION,

San José, May 4, 1917, 5 p. m.

Referring to the Legation's telegram of April 30, noon. Vote on Senate reversed and adopted almost unanimously today on orders from Tinoco, inspired by belief, for which Legation not responsible,

that such action will help obtain recognition. However objections enumerated in telegram referred to one and two cannot and objections three and four not proposed to be remedied.

JOHNSON

File No. 818.00/148

AMERICAN LEGATION,
San José, May 14, 1917, 9 a. m.

Constitution adopted by narrow majority electoral college nearly five hundred members only half of whom elective there permanent. Ex-Presidents' project called for wholly elective electoral college. Opposition so strong leader Fernandez (?) withdrew permanently and continuing fight in his newspaper *The Imparcial*. Presence of Castro Quesada in Guatemala leading to rumors of revolution here.

There exists decided reaction against Tinoco Government on all sides. Outwardly everything calm.

JOHNSON

File No. 818.00/150

AMERICAN LEGATION,
San José, May 16, 1917, 3 p. m.

Joaquin Tinoco, *de facto* Minister of War, requests me to inquire if any objection to his entering the United States; that he contemplates going in a week to New York on private business to return in three weeks. Probably another move to commit Department as he told me that some of the friends of González are giving him trouble and that he is going to ship a number of them to Salvador. Also rumors of expeditions against Tinoco and of growing unpopularity persistent. Quesada reported in Nicaragua coincidentally.

Father, mother and sisters of González planning to leave for Panama tomorrow for health of father and are experiencing difficulty in obtaining necessary permit.

JOHNSON

File No. 818.00/151

AMERICAN LEGATION,
San José, May 17, 1917, 8 p. m.

At five o'clock Domingo Gonzalez, six sons and three daughters, most of former office holders under Alfredo, sought refuge here saying they are in danger of immediate arrest in view of virtual martial law and of execution in case of intervention. Conditional asylum only granted dependent on instructions from the Department. Request immediate reply as to this.

JOHNSON

File No. 818.00/150

The Secretary of State to Chargé Johnson

[Telegram]

DEPARTMENT OF STATE,
Washington, May 24, 1917, 4 p. m.

Your May 16, 3 p. m. The Government of the United States has no objection to Mr. Joaquin Tinoco entering the United States, under the present conditions, as any other private citizen of any foreign friendly country.

LIANSING

File No. 818.00/152

Chargé Johnson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
San José, May 18, 1917, 2 p. m.

Regarding conditional refuge granted González family, believe that as a matter of seeking refuge they are, if turned out, in no danger of arrest. Lara volunteered assurance of that this morning, expressing only solicitude lest Department misinterpret events and measures taken. Real danger to González family when they leave Legation is that will be regarded as hostages in case of attack against Tinoco from without or within. Convinced of this by two circumstances: first, insistent refusal until last moment to allow father and women to leave; second, explanations of Lara of this fact. If this is sufficient to warrant granting assurances it might involve indefinitely long residence.

JOHNSON

File No. 818.00/154

Mr. R. Fernández Guardia to the Secretary of State

THE ARLINGTON,
Washington, May 19, 1917.

MR. SECRETARY: I have been instructed by the Government of Costa Rica to bring to your excellency's attention the pernicious activities that are being carried on by Don Alfredo González, Don Manuel Castro Quesada and a few others, under the pretense of support by the United States, with the very evident object of arresting the successful progress of the new Administration in Costa Rica and sowing dissension among the people.

Ever since Don Alfredo González came to Washington in the month of February last, he has not ceased to write to his relatives, and to the few friends he still retains in Costa Rica, to the effect that he is counting on the support of the United States to bring about his restoration to power by armed intervention.

The Government and leading men of Costa Rica well know that the claims of such support made by González are false; but the less intelligent among the people of the country, who are always in the majority, allow themselves to be impressed by his persistent reassertion of these false claims. Furthermore, certain misleading articles published in the newspapers of this country, such as the enclosed, from the *New York Herald* of the 15th instant, are being broadly disseminated throughout Costa Rica, and the authors and instigators of these articles give to them the appearance of having been inspired by the United States Government. On the other hand, the German colony, which is both numerous and rich, ably exploits those maneuvers for the purpose of instilling into the Costa Rican people a feeling of hostility towards the United States. This my Government looks upon with deep chagrin, for, as it has abundantly shown, it is genuinely desirous to maintain with this country the most cordial and dependable relations.

Forced by the facts above stated, the National Constituent Assembly, on the 17th instant, adopted legislation conferring on the Pres-

ident of the Republic the powers necessary to protect the country against any alteration of the public order that might result from the activities of German subjects by connivance with the friends of González; by the same act of that Assembly the President is empowered to pursue such international policy as may be for the best interests of the country. This act, therefore, constitutes a legislative confirmation of the statements, and the offers, which I had the honor to make to your excellency in my note of the 9th of April.

The Government of Costa Rica, convinced that the Government of the United States is wholly ignorant of the disloyal activities to which I have drawn its attention, takes refuge in the hope that it will disavow the use to which its name and its prestige is being put by Don Alfredo González and the small group of his friends in the effort to sow among the Costa Rican people the seeds of distrust and to unrest. By so doing it will once more earn the gratitude of the Government and people of Costa Rica.

I beg [etc.]

R. FERNÁNDEZ GUARDIA

File No. 818.00/152

The Secretary of State to Chargé Johnson

[Telegram]

DEPARTMENT OF STATE,
Washington, May, 24, 1917, 5 p. m.

Your May 17, 8 p. m. and May 18, 2 p. m. You are referred to page 20, paragraph 51 of Instructions to Diplomatic Officers. The Department directs you to informally request of Minister for Foreign Affairs of the *de facto* Government assurances for the safety of members of the family of Gonzáles, if they leave the American Legation. Upon receipt of such assurances you are instructed to inform those who have taken refuge in the Legation that, in view of the fact that you have received these assurances you must request that they leave the Legation forthwith, carefully explaining to them the instructions of the Department which are set forth in the above-mentioned book.

LANSING

File No. 818.00/160

Chargé Johnson to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
San José, May 25, 1917, 6 p. m.

Your May 24, 5 p. m. Assurances obtained, and González family left the American Legation 5 p. m. today for their home.

JOHNSON

File No. 818.00/159

AMERICAN LEGATION,
San José, May 26, 1917, 3 p. m.

Minister of Foreign Affairs *de facto* Government informs me their agent, Washington, Fernández Guardia to be withdrawn June 1 in the absence of recognition.

Joaquin Tinoco leaving 29th, steamship *Calamares* for New York to continue efforts in that city.

JOHNSON

File No. 818.00/164

[Telegram—Extract]

AMERICAN LEGATION,
San José, June 2, 1917, 1 a. m.

Your May 29, 7 p. m. Attitude of element representing public opinion becoming very critical towards *de facto* Government. Prevalent opinion all classes that the country has never had more arbitrary, corrupt administration. Letters now opened at will. Foreign newspapers withdrawn from mails, native newspapers made innocuous. *Daily Imparcial* no longer prints critical matter. Spy system greatly extended. Forced recruiting has been proceeding in country districts until estimated Government has 5,000 men under arms but no ammunition. Normal strength 500 officers. Object of visit of Joaquin to the United States supposed to be to obtain munitions. Government extremely alert and is active against radical opposition, satisfying itself for the present mostly by watching them but there are a few political prisoners and will be many more when our attitude is known. This morning Government newspaper gives out recognition will now come in less than a month when new constitution decreed by Monday is examined by the Department. * * *

Efforts of advocates here of Constitutional Government likely to be futile as long as Government has sufficient funds to pay troops and police which will be for some time to come. Government seriously embarrassed financially with exchange now four to one but could hold out against people who do not resist effectively.

JOHNSON

File No. 818.00/166a

The Secretary of State to Chargé Johnson

[Telegram]

DEPARTMENT OF STATE,
Washington, June 9, 1917, 3 p. m.

You will ask for an unofficial interview with General Tinoco, and having obtained it, recall to General Tinoco his interview with Minister Hale of February 12, 1917, when General Tinoco was informed that no Government set up by him would be recognized by the United States. You will express surprise that an opinion seems to be prevalent in some quarters in Costa Rica, and indeed apparently shared by General Tinoco himself, that the United States is considering a modification of its position as then expressed, and you will state that by the express direction of the President of the United States you are instructed to reaffirm his previously expressed determination not to recognize General Tinoco as President of Costa Rica.

Having made clear to General Tinoco the finality of this decision of the President of the United States, you will communicate to General Tinoco the following:

The Government of the United States is impressed with the fact that economic and financial difficulties with which Costa Rica is now beset render it of the greatest importance that there be promptly established a Government which, internally, will command that popular confidence which can only be inspired and retained by rulers of known regard for law and order, and which, externally, will receive generally the recognition of foreign nations. The United States

cannot believe that General Tinoco will permit a conception of his personal interests and ambitions to defer the establishment of such a Government, and thus render far more acute and distressing the problems which are already embarrassing the people of Costa Rica. If this confidence of the Government of the United States is not misplaced and if it is the intention of General Tinoco to retire in the immediate future in favor of an independent successor, to be selected in a law-abiding manner, the Government of the United States will hope to see such transfer of power accomplished in an orderly manner.

Following your interview with General Tinoco, you may discreetly convey a knowledge of the attitude of the United States, as above expressed, to any person or persons in Costa Rica whose confidence you have and who, in your opinion, if in possession of such knowledge, could and would exert influence on General Tinoco in favor of his voluntary withdrawal.

LANSING

File No. 818.00/168

Chargé Johnson to the Secretary of State

[Telegrams—Extracts]

AMERICAN LEGATION,
San José, June 14, 1917, 11 a. m.

Instructions contained in your telegram of June 9, 3 p. m. carried out June 11. Will report effects by cable within a few days.

Leonidas Pacheco, lawyer Valentine Sinclair Oil interests President of Constitutional Assembly and of Senate, sails from Limón today for Washington to relieve Fernández Guardia.

JOHNSON

File No. 818.00/169

AMERICAN LEGATION,
San José, June 15, 1917, noon.

Your June 9, 3 p. m. Interview lasted half an hour; present Tinoco and Lara. Finality of decision of the President of the United States strongly emphasized. Copy of quoted portion of your telegram handed to Tinoco. He requested me to convey to the President through the Department that he still has highest regard for the President of the United States and for the country but that Costa Rica is rich and can sustain a Government without outside help; that recognition desirable but not necessary and that he was not begging for it; that as President he has support of the people, the ex-Presidents, and the Constitution, and that he will remain President for the full six years; that he has right and law on his side and would be committing treason to the people and the country to retire at the intimation of a foreign Power and that he will not do so except in the face of brute force.

Impression received was that expression of intention not to withdraw was sincere. Tinoco was penniless on assuming presidency, has no profession and is the kind that would hold on under the pretext of upholding national dignity but for no other real reason than means of support or opportunity for enrichment until forced out.

I conveyed knowledge of attitude of the United States to John Keith, Cleto González, Luis Anderson and Gaspar Otuno, a Spaniard, president of bank, highly respected, known as a man of independent

conduct and expression. All these are of the opinion that Tinoco will not retire until himself convinced by compelling facts that impossible to go on.

Wednesday afternoon Tinoco summoned ex-Presidents, informed them of the nonrecognition and asked for suggestions as to formation advisory finance council to devise ways and means for maintaining Government in the face of nonrecognition. My information which so far is meager as to the matters discussed, is that suggested retirement not among them.

JOHNSON

File No. 818.00/172

The Costa Rican Minister to the Secretary of State

[Translation]

COSTA RICAN LEGATION,
New York, June 15, 1917.

EXCELLENCY: Señor Don J. Rafael Oreamuno, Secretary of the Legation, reports to me that on the 12th of this month he had the honor to have a conference with the Honorable Mr. Stabler, Chief of the Latin American Division of the Department of State and that in the course of that conference the Honorable Mr. Stabler saw fit to show him a declaration written by the most excellent President Wilson in which that High Functionary declares he will recognize no Government in Costa Rica that owes its origin to any means other than those established by the Constitution.

Pursuant to instructions from the legitimate President of Costa Rica, the Licentiate Don Alfredo González, I have the honor to express to your excellency the intense satisfaction he experienced in noting the sentiments of the aforesaid declaration, albeit it contained but a confirmation of the assurances given him in February last by the Most Excellent President Wilson that in no way, on no ground, at no time would he recognize as President of Costa Rica Don Federico Tinoco, or any of his relatives or close friends.

As I had the honor to state in my note of February 28 last to your excellency, Señor González is firmly convinced—and the course of events has more and more strengthened his conviction—that without the American Government's recognition Tinoco will find it impossible to hold the power he has usurped. The short five months in which he has exercised it are proof evident of this, seeing that in order to meet expenses he has had to negotiate most costly loans with the banks in the country which among other most injurious effects has had that of reducing the value of the national currency to one-half, or less, of what it was when Tinoco broke into the power. As the lending capacity of those banks is already exhausted, it appears from trustworthy reports that have reached me lately that Tinoco, confronted by the banks' refusal to supply with any more funds, intends to resort to unlimited issue, which would be unavoidably attended with the consequence that the internal situation of the country would become still worse than it is now, since the incalculable depreciation of money would eventually upset the finances of the nation, public and private, and throw them into complete bankruptcy.

The discontent that is felt in Costa Rica could not be greater; hunger is beginning to threaten all classes and the only thing that props the demoralized spirit of the Tinoco Government and moves it to fight and hold on to the last is its firm hope of early recognition by this Government.

Whenever Tinoco gains such recognition, that is to say, whenever the foreign speculators who spurred him to commit the treasonable act that lifted him into power see that they could in full safety close the transactions which Tinoco holds out to them, the insuperable difficulties which now stand against his Government would vanish, for that time at least, two, three or four years, during which he will lay his hand on the proceeds of the whole patrimony of the country which he would deed away for good and forever. And then the situation would revert to to-day's state of anguish with that difference that there would be no remedy left as the Republic would have sacrificed at ridiculous prices the property it still owns.

And this view of affairs is understood and felt by the country and one need not be a great prophet to predict that before the final ruin here depicted is consummated the Republic will be thrown into bloody convulsions trying to free itself of the man who is now exploiting and ruining it. To avert such a calamity, it is necessary that Tinoco lay down the power and to that end, President González, encouraged by the firm and positive attitude taken by the most excellent President Wilson, directs me to submit to your excellency's consideration the following ways of action:

1. Prohibit all exportations from the United States of war material for the Government of Costa Rica, and also of bank notes to increase the circulation of that country.

2. Buy out the French and English claims through American capitalists and take possession of the management of the customhouses and of the national liquor manufactory which, under the loan contracts are pledged for the various loans, and may be managed by the creditors in case the debtor Republic fails to meet its liabilities, which is sure to happen in a very short time under the rule of the present Government.

3. Get the creditors of the *de facto* Government of Costa Rica to collect the balances due them and stop all credits, if it have any.

4. Let the American Government adhere to its present attitude in not recognizing the *de facto* Government of Costa Rica and also to its decision not to grant diplomatic protection to any concession or privilege conferred by Tinoco upon individuals or corporations, and give publicity to those decisions both in this country and in Costa Rica.

But the mere fact that Tinoco is removed and superseded by an honorable Government constitutionally elected will not avert the dangers nor remedy the coils that are now threatening and hurting the Republic. The World War had so deeply disturbed the economic conditions of the Republic that nothing but the profound knowledge possessed in the matter by President González and the energy and patriotism he displayed could prevent the bankruptcy we are now expecting from taking place during his administration; nay, the saving measures that he succeeded in introducing would have warded off the crisis and put the nation on a strong and safe footing of financial solvency, had it not been for the treachery that removed him

from the power at the time when that presence there was the most imperatively necessary.

But difficult as was the situation of Costa Rica at that time, as above explained, now that it has lost the good name won for it by the reliable character of its institutions, it may be said to be in every way irremediable unless prompt and appropriate help is extended.

The help which President González most respectfully asks for the next Government of Costa Rica, consists in the following:

1. The redemption of the foreign debts of Costa Rica and the increase of that redeemed debt in the amount needed to extricate the Government of Costa Rica from its trying financial condition pending the organization of the collectorate under the new revenue laws and the reorganization of the banking system on lines more consistent with the needs of the country and the modern tendencies of science in that branch.

2. The building of new ways of communication at home, and the increase of those with foreign countries, which last might be achieved by letting American steamers running to Panama also call at Costa Rican ports provided they find sufficient freight there.

The foregoing measures would result:

- a. In maintaining the value of the monetary unit (Colon) and thereby a stable international exchange. This would induce foreign capital to invest in Costa Rica and further strengthen the stability of Costa Rican currency.

- b. In increasing the national agricultural crops, with an assured outlet at all times, for in times of peace, Costa Rica would sell her grain and vegetables to the ships that cross the Panama Canal and in times of war to the American Government for the victualling of its soldiers and sailors in the same Canal Zone. The capacity of the Costa Rican people for agricultural production will be enormous from the day when they are given the means to develop it under favorable conditions.

- c. In having the chance to gain all these advantages without adding to the burdens of the country, in interests or principal, inasmuch as the world condition of finance offers the opportunity to redeem, with the help of the capital of this country, the foreign debt of Costa Rica at nearly 50% of its face value, when one takes into account the comparatively low interest it yields, the long terms for which it was contracted, the surtax laid in France and England on income from foreign investments, and the high rates of interest at present paid by the last named countries on their own loans.

- d. In saving the democracy of Costa Rica from the claws of a military tyranny and once more set up the salutary precedent that no Government born of treachery or revolution can stand long.

And now I beg leave to say to your excellency that the only legal and constitutional solution which in our opinion fits the present political problem of Costa Rica is to let the Licentiate Don Francisco Aguilar Barquero take charge of the Presidency of the Republic, as third Designado.

Señor González, as I have so often and repeatedly declared to you, has not the slightest desire to resume the power, and both he and his father, Señor Don Domingo González, second Designado for the Presidency, are quite ready to resign their respective offices to let Licentiate Aguilar Barquero take it by operation of the law.

So provides Article 100 of the Constitution which lawfully governs in Costa Rica since 1871, for, that which has just been put in force, under Tinoco's pressure and by a Constituent Assembly consisting wholly of his out and out friends and relatives, is as illegal and void as the very presence of that same Tinoco in the executive power which he usurped through the treachery of the 27th of January last.

Señor Aguilar Barquero is an honorable man, talented and capable of giving the Costa Ricans all manner of guaranties and a wise and conservative administration. President González takes pleasure, as an act of justice in acknowledging those qualities to Señor Aguilar Barquero, all the more as that gentleman did not belong to the political party supported by Señor González.

For the foregoing reasons the undersigned believes that with Señor Aguilar Barquero in possession of the executive power, with the above-mentioned financial help, and the support of all his fellow citizens, the change in the economic, political and financial conditions of Costa Rica will be so astounding that the Costa Rican people cannot but regard as their salvation the attitude of the American Government toward the present Government of traitors, which attitude will free the Republic from an unprecedented military tyranny and save the country from the utmost physical, moral and political ruin.

With assurances [etc.]

MANUEL CASTRO QUESADA

File No. 818.00/170

Chargé Johnson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

San José, June 19, 1917, 10 a. m.

At the conference of Tinoco with ex-Presidents Wednesday 13th referred to in my telegram of June 15, noon, it now appears full text of written communication handed to Tinoco on the 11th was read. Iglesias was only one of those present who did not fall in with the ideas of Tinoco. He suggested that matter was one Tinoco ought to decide for himself. On the 16th Congressmen were summoned by him to confer and yesterday prominent merchants, bankers and agriculturalists. At two latter meetings subjects discussed exclusively financial and economic, preparing the way for further issues paper money, direct taxes and gold export duties. Tinoco plainly intimated that he would not adopt unpopular measure of reducing Government expenditures. Publicity given last conference which was summarized in Government organ as indicating enthusiastic cooperation these interests in support of Government without foreign financial assistance. Conference to be held again 22d.

Meanwhile disappearance of silver currency has become real menace as it interferes with retail trade and marketing country people beginning to refuse paper currency. Hardships now severely felt by these and laborers naturally blamed wholly on powers that be. Indirect purchase recently by Tinoco of nearly 100,000 dollars foreign exchange and caused rumors of possible immediate retirement. There is no doubt that he fears invasion by Quesada from Nicaragua which has not officially recognized him.

JOHNSON

File No. 818.00/169

The Secretary of State to Chargé Johnson

[Telegram]

DEPARTMENT OF STATE,
Washington, June 20, 1917, 5 p. m.

Your telegram June 15, noon. Your action therein set forth is approved. For your guidance you are confidentially informed that this Government will not look with approval upon any revolution in the personal interest of Gonzáles or Quesada, and they have been so advised.

LANSING

File No. 818.00/174

Chargé Johnson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
San José, June 27, 1917, noon.

The most serious menace to early withdrawal of Tinoco is voting by Congress authority to Executive to issue paper money under the pretext of relieving shortage in silver. The silver certificates amounting to 800,000 colones has been made nonredeemable for four years which will now cause them to circulate freely, but silver deposit required reduced to 40% enabling issue of 1,200,000 colones. Despatch follows. Threat of exercising power conferred being used by Tinoco in the hope of bringing about advance approval to radical revenue measures on the part of bankers, agriculturalists and merchants but it is believed that paper money will be issued. Attempt to enact export duties meeting with difficulties, disillusion as to Tinoco becoming complete. He is maintaining himself solely by power of troops and money.

JOHNSON

File No. 818.00/177

Mr. R. Fernández Guardia to the Secretary of State

[Translation]

WASHINGTON, July 4, 1917.

MR. SECRETARY: I have the honor, and at the same time regret, to inform your excellency that I have been instructed to withdraw from Washington and to express to you my Government's profound chagrin over the failure of all its efforts to maintain the friendly relations which, down to the present, have existed between the Republic of Costa Rica and the United States of America.

Your excellency knows that Costa Rica has done all that is compatible with national dignity to preserve the friendship of the United States. No more than this can be exacted from a nation which, although small and weak, is as jealous as the greatest and strongest of its honor, independence and sovereignty, which she has known how to defend when endangered, thus proving her right to existence and liberty.

Imperative political circumstances with which your excellency is familiar, forced Costa Rica, by means of a bloodless *coup d'état*, to overthrow an intolerable Government. This act has since been approved and confirmed by the vote of an immense majority of the people cast with freedom, and the régime which arose out of that *coup d'état* stands today as a perfectly constitutional Government. As such it has been recognized by the four nations which, by virtue of a public treaty, are the only ones that possess the sanctioning authority in this regard.

Respecting the right possessed by a sovereign nation to take to itself such government as it pleases or as best suits its needs, there can be no possible question, for that right is of the very essence of sovereignty; it is acknowledged by every civilized nation. In the United States, Thomas Jefferson, one of the fathers of North American democracy writing on the 30th of December, 1792, as Secretary of State, declared:

We certainly cannot deny to other nations that principle whereon our own Government is founded, that every nation has a right to govern itself internally under what forms it pleases and to change these forms at its own will * * *

The great statesman, Henry Clay, said to the Congress, on the 24th of March, 1818:

Whatever form of government any society of people adopts, whomever they acknowledge as their sovereign, we consider that government, or that sovereignty as the one to be acknowledged by us.

In his address delivered to the Congress, May 15, 1856, President Franklin Pierce, stated in the following language, as clear as it is positive, the policy of the United States in the matter of recognition of foreign governments:

It is the established policy of the United States to recognize all governments without question of their source or their organization, or of the means by which the governing persons attain their power, provided there be a government *de facto* accepted by the people of the country, and with reserve only of the time as to the recognition of revolutionary governments arising out of the subdivision of parent States with which we are in relations of amity. We do not go behind the fact of a foreign government exercising actual power to investigate questions of legitimacy; we do not inquire into the causes which may have led to the change of government. To us it is indifferent whether a successful revolution has been aided by a foreign intervention or not; whether insurrection has overthrown existing government, and another has been established in its place according to preexisting forms or in a manner adopted for the occasion by those whom we may find in the actual possession of power. All these matters we leave to the people and the public authorities of the particular country to determine; and their determination, whether it be by positive action or by ascertained acquiescence, is to us sufficient warranty of the legitimacy of the new government.

During the sixty-seven years which have elapsed since the establishment of the existing Government of the United States, in all which time this Union has maintained undisturbed domestic tranquillity, we have had occasion to recognize governments *de facto*, founded either by domestic revolution or by military invasion from abroad, in many of the governments of Europe.

It is the more imperatively necessary to apply this rule to the Spanish American Republics, in consideration of the frequent, and not seldom anomalous, changes of organization or administration which they undergo and the revolutionary nature of most of these changes, of which the recent series of revolutions in the Mexican Republic is an example, where five successive revolutionary governments have made their appearance in the course of a few months and have been recognized successively, each as the political power of that country, by the United States.

The foregoing doctrine is the only one that is compatible with the right of sovereignty, as that right has been understood down to the

present time and President Pierce, in formulating it, conformed strictly with a universal principle of international law. It is true that a few years later the United States departed somewhat from this doctrine, but then only under the compulsion of necessity created by the Civil War. At that time was born what might be called "conditional recognition" of republican governments. The new doctrine was clearly formulated by Assistant Secretary of State William Frederick Seward when, on the 7th of May, 1868, he wrote as follows:

We do not deny or question the right of any nation to change its republican constitution. We do not deny the right even to change it by force, although we think that the exercise of force can be justified in rare instances. What we do require, and all that we do require, is when a change of administration has been made, not by peaceful constitutional process, but by force, that then the new administration shall be sanctioned by the formal acquiescence and acceptance of the people.

The principle involved in the above stated doctrine has not, so far, been recognized by any nation outside the New World. This is easily explained by the fact that it is in contravention of the absolute right of sovereignty. In America itself this principle has been accepted only by the five Central American Republics (since 1907), in their mutual relations and as exclusively reciprocal in character, which fact would not warrant its application in any case, or in any manner whatever, by any nation not a party to the treaty that established it. Furthermore, in view of the special circumstances that surround the international life of the five Republics of Central America, the adoption of that principle by them, instead of derogating from their right of sovereignty, on the contrary confirms and strengthens it, since the principle evidently has for its object the mutual defense of the independence of the five States that once formed the Central American Federation.

But this principle, which, for the reasons given seems to be advantageous in the special case of the five Republics of Central America, is wholly inadmissible by international law. A sufficiently convincing reason for this lies in the insuperable difficulty, already experienced by the United States, in the similar cases of Peru and Costa Rica, of applying the principle with equality; and no one can deny that, in these conditions, as a general principle it becomes essentially arbitrary and unjust, particularly when applied by a strong to a weak nation with which no obligation to reciprocity has been contracted.

Article I of the Additional Treaty to the Treaty of Peace and Amity, concluded at Washington, on the 20th of December, 1907, by the five Republics of Central America, stipulates that:

The Governments of the High Contracting Parties shall not recognize any other Government which may come into power in any of the five Republics as a consequence of a *coup d'état*, or of a revolution against the recognized Government, so long as the fully elected representatives of the people thereof have not constitutionally reorganized the country.

From the text above quoted it will be clearly seen that the principle adopted has no further reach than to prevent recognition of governments that emanate from force so long as they have not been confirmed by the popular will freely expressed; certainly it was never intended to take away the sacred right of rebellion, for that would be

equivalent to condemning the peoples to be the victims of tyranny; and such will surely be the fate of the Central American peoples if the United States persists in its purpose to apply the new principle without the limitation stipulated in the Additional Treaty above cited, for the right of rebellion is the only true guaranty possessed by the peoples against bad governors and that guaranty cannot be renounced without losing at the same time the right to liberty. The right of rebellion, moreover, is altogether healthful. This was the thought of so eminent a statesman as Thomas Jefferson, judging from what he wrote, in 1787, to James Madison:

I hold it that a little rebellion now and then is a good thing, and as necessary in the political world as storms in the physical. Unsuccessful rebellions indeed establish the encroachments on the rights of the people which have produced them. An observation of this truth should render honest republican governors so mild in their punishment of rebellions as not to discourage them too much. It is a medicine necessary for the sound health of government.

But for nothing clearer and more conclusive can be cited in this regard than what was said by President Wilson in his address to Congress of December 7, 1915:

Liberty is often a fierce and intractable thing. Every American who has drunk in the fountains of principle and tradition must subscribe without reservation to the high doctrine of the Virginia Bill of Rights, which in the great days in which our Government was set up was everywhere amongst us accepted as the creed of free men. That doctrine is, that government is, or ought to be, instituted for the common benefit, protection and security of the people, nation or community; that of all the various modes and forms of government, that is the best which is capable of producing the greatest degree of happiness and safety, and is most effectually secured against the danger of maladministration; and that, when any government shall be found inadequate or contrary to these purposes, a majority of the community hath an indubitable, inalienable and indefeasible right to reform, alter or abolish it, in such manner as shall be judged most conducive to the public weal.

In the same address the President had already said, referring to Mexico:

Her fortunes are in her own hands. But we have at last proved that we will not take advantage of her in her distress and undertake to impose upon her an order and government of our own choosing.

These words show that President Wilson also admits the principle that a strong country may not, because of the weakness of another, impose upon the latter a government of its own choosing. On this point I am constrained to remind your excellency, in the case of Costa Rica, that in view of the preponderating position occupied by the United States in America, and of the influence it exercises—particularly in the Republics of Central America—the fact that the Washington Government refuses to recognize the legally constituted Government of Costa Rica, and seeks to justify its refusal by invoking a principle that is no part of international law, will probably be interpreted as unjustified intervention, and it is to be feared that this procedure on the part of the United States will not tend to strengthen the confidence reposed in that great country by the Republics of Latin America; because the Governments of Guatemala, Honduras, Nicaragua and El Salvador, having recognized the legitimacy of the Costa Rican Government, the fact that your excellency's Government persists in its refusal of recognition, despite the doctrine it has itself maintained, lends itself to the supposition that what

really hangs in doubt before the United States is the independence and sovereignty of the Costa Rican Republic as well as of Central America and also of all the Latin American Republics.

If this be the case, the policy now pursued by the United States towards Costa Rica would be in open contradiction to the following language of President Wilson in his address before the Congress on the 22d of January of the present year:

I am proposing, as it were, that the nations should with one accord adopt the doctrine of President Monroe as the doctrine of the world: that no nation should seek to extend its policy over any other nation or people, but that every people should be left free to determine its own policy, its own way of development, unhindered, unthreatened, unafraid, the little along with the great and powerful.

In these words, persuasive in their eloquence, is to be found an admirable résumé of the doctrine of nonintervention, and Costa Rica turns to them for support in her demand that, in the name of the right of small nations to exist, she be permitted to live her own life conformably with the freely expressed will of the majority of her people. Because intervention is not exclusively an act committed through armed force. When adopted towards a small and weak nation, the mere unfriendly attitude of a great and powerful government suffices to produce the effects of intervention to a greater or less degree. So true is this that your excellency cannot but be aware that in consequence of the attitude assumed by the Washington Government respecting Costa Rica, the country is living in a continuous state of concern which, doubtless in abuse of the name of the United States, is being kept alive by persons who are propagating the idea that the Government of this country is supporting, or at least looks with approval upon, their efforts to disturb the public order. The Government of Costa Rica has given no credit to that absurd propaganda; but it has been unable to find an explanation for the conduct of the United States towards a country which has given it repeated proofs of friendship, and which was perhaps the first among the American Republics to declare spontaneously its solidarity with that great nation when it entered upon its war with Germany.

In recalling the declaration which, in the name of my Government, I had the honor to make to your excellency on the 9th of last April, I am glad to be able to inform you that, in spite of the sore straits in which it finds itself, the Government of Costa Rica adheres to its attitude of solidarity with the people of the United States, for it feels that nothing should be allowed to prevail against the noble cause that is being defended by that people and by the other champions of liberty, democracy and the right of small nations to exist. That very cause is the one which, with respect to Costa Rica, I have so far, vainly sought to defend before the Government of the United States; and it is in truth most disheartening to realize that at the very moment in which the Republic founded by George Washington is hastening to sacrifice the lives of thousands of its citizens to maintain the right of certain small nations of Europe to control their own fate, that same right is denied to one of the American Republics which has abundantly proven that it also merits the privilege of enjoying it.

In conclusion permit me to express to your excellency, on this glorious day that marks one of the greatest steps in the progress of world liberty, my genuine regret over the fact that I have not been

accorded the opportunity to present to you my respects and to defend the cause of my Government, which has been condemned without hearing by the Government of your excellency.

I take pleasure [etc.]

R. FERNÁNDEZ GUARDIA

File No. 818.00/172

The Acting Secretary of State to the Costa Rican Minister

DEPARTMENT OF STATE,
Washington, July 6, 1917.

SIR: I have the honor to acknowledge the receipt of your note of June 15, in which you outline a plan for the restoration of constitutional Government in Costa Rica, and to say in reply that the Department is giving careful consideration to the suggestions made therein.
Accept [etc.]

FRANK L. POLK

File No. 818.00/180

Chargé Johnson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
San José, July 11, 1917, 11 p. m.

Tinoco sought late yesterday afternoon to push through Congress a grant of full dictatorial powers but some Duranistas, alleging necessity for considering, left, breaking quorum. Conference of Congressmen being held at Presidential Mansion this morning. Decision not yet known. Wenceslas de la Guardia just returned from Washington seems to have inspired Tinoco with renewed hope of recognition saying that United States Cabinet was unanimous in favor of recognition and urges break with Germany as all that is necessary to obtain it. Another reason for break is that Brazilian coffee reported as now admitted to England and expected that Costa Rica in case of break will receive similar concession as well as shipping and trade favors from us.

Some activity reported on the part of González and Tinoco receiving suggestions from many sides these days to withdraw. He commonly tells party representative who urges it that in case he should withdraw it would be in favor of leader, naming him, of one of the other parties.

JOHNSON

File No. 818.00/180

The Acting Secretary of State to Chargé Johnson

[Telegram]

DEPARTMENT OF STATE,
Washington, July 14, 1917, 4 p. m.

Your telegram July 11, 11 p. m. The rumors you report that the Cabinet of the United States favors recognizing Tinoco and that there is still a possibility of such recognition being accorded, are utterly

unfounded. If such rumors attain a credence which warrants it, you are authorized to deny them in such manner as seems to you most appropriate.

POLK

File No. 518.00/187

Chargé Johnson to the Secretary of State

No. 141

AMERICAN LEGATION,
San José, July 14, 1917.

SIR: I have the honor to send enclosed herein a copy and translation of a manifesto or proclamation issued by General Tinoco on the 11th instant in the form of a handbill distributed about the streets, purporting to warn the citizens against the machinations of his enemies whom he calls audacious and cowardly enemies of the country. The document is a remarkable confession of weakness and bankruptcy and has made this general impression. The description given, in the second paragraph, of the state of affairs he found on assuming power on the 27th of January last would be more truthful and accurate if it were meant to describe the present state of affairs. At every opportunity General Tinoco seeks to give the impression that by means of the loan transaction of last March and April he paid off pressing obligations of the González régime to the extent of three million colones whereas what he did was to pay off one million colones and increase the existing debt by two million colones which sum was spent upon the ordinary expenses of his administration and is now exhausted.

I have [etc.]

STEWART JOHNSON

[Inclosure—Translation]

MANIFIESTO OR PROCLAMATION BY GENERAL TINOCO ON JULY 11, 1917

Convinced of the vitality of the patriotism of Costa Rica which in supreme moments has always given certain proofs that it is of the same temper as in the time of our elders, I appeal with all my energy to the national conscience in these times when evil enemies of the Constitutional Government are seeking by means of bastard machinations and perverse intrigues to surprise the good faith of the people, taking advantage for this purpose of the present bad financial situation which is not the work of the present administration but the heritage of the past and the fruit in part of the war which is moving the world with tragic fervor.

With a foreign debt of 31 million colones and an internal debt of 14 millions which made on the morning of the 27th of January last a total debt of 45 million colones, with the fiscal revenues terribly reduced by the violent decrease of importations; with the English markets because of the unholy submarine campaign suddenly closed to our exports of coffee and bananas, the most valuable products of our public wealth; with banking and commercial transactions almost paralyzed; with exchange in a state of constant feverishness; with internal fiscal credit broken into pieces; with economic lack of confidence reigning as master and mistress wherever one looked, in this condition, fellow citizens did I find the Republic when I took charge of its Government by virtue of the most popular political evolution registered in all our history.

The honorable ex-Designate, Don Alfredo González Flores, had left unpaid urgent obligations of the value of three million colones which the new administration had to pay without delay; and while surrounded by the best and most honorable persons in the country I was consecrating myself with unwavering faith in struggling for the cause of the general welfare; while the State was being reorganized upon a constitutional basis and the Costa Rican family, laying aside

rancor and political differences, was being fraternally consolidated with the aspiration of completing the labor of harmony and peace, that ex-Chief of State, and the ex-Minister in Washington, Lic. Manuel Castro Quesada, and a group of cronies of his, blinded by hate because of their just defeat in the fields of law, conspired in foreign parts against the autonomy of the fatherland which saw their birth. These unpatriotic confabulations of spite and evil have not been and will not in any manner be an obstacle to obstruct the serene progress of the country along the lines of its improvement nor to close the road of action by my Government which is traveling unvaryingly along the broad road of the law, without other object than the happiness of Costa Rica nor other power than that lent by popular will and without other creed than that of our glorious tri-colored flag.

But as the severe financial crisis imposes sacrifices upon us all and demands of the Government that it adopt extraordinary and radical measures in the different branches of activity which affect private interests, the malcontents exploit to their taste the effects of a state of things which in general are due to factors wholly alien to the desires of the ruler, whose most lively wish is that of solving the existing difficulties and to this very object are tending the united efforts of the Executive and the Legislative branches and of a chosen group of personalities, skilled in finance and matters of State, who hour after hour are cooperating in the solving of the problem by practical and rapid means, upon the invariable principle of adjusting all proceedings to the sole judgment of what is true and effective protection of the public.

Normalized as international exchange will be to the benefit of the cheapening of articles of greatest or most indispensable consumption; once the immediate placing in the market of the agricultural products is guaranteed because of my refusal to import food supplies from abroad on account of the Treasury, it being a fact that the farmer of the nation should not be exposed to risks with respect to the fruit of his labors and that our fertile soil can and should suffice us for the satisfaction of our necessities; the customs tariff being already on the road to revision in the direction of reducing duties on all those articles most preferred by the public; the fields and shops being stimulated by the beneficial effects of order under which vast plans will be developed always to the profit of the unprotected classes of society, who are the ones who most rudely suffer the consequences of the crisis as they are the ones who would be the first to suffer the tremendous evils of anarchy and slavery to which they are invited by the wolves in sheep's skins; with speculation manacled without prejudice to the well understood liberty of commerce; and vanquished at last with a well-aimed blow the vulture of rapine which never satisfies its voracity nor its covetousness, better days will come for the Costa Rican people, which, devotedly patriotic as it is, will consolidate itself with my Government in this hour of bitter struggles in which men of truth will take pride in showing themselves strong, tranquil and full of redeeming hopes.

For this reason I do not doubt for an instant, fellow citizens, that I shall find you ever alert and ready at your posts which duty has pointed out for us and that in listening to my present words of warning against the activities of my ill-wishers, whom I brand before public opinion not in those terms but as audacious and cowardly enemies of the fatherland, you will feel vibrate in your hearts the same aspiration which animates me as Chief of the State and as a citizen and which is nothing else than that of maintaining in all its integrity the independence and sovereignty of the Republic by means of the virile and conscientious effort of its sons, by their love of peace and labor, seeking in this way by the diligent energy of the Costa Rican people to obtain the glory and happy future of the Nation.

FEDERICO TINOCO

PRESIDENTIAL MANSION,
San José, July 11, 1917.

File No. 818.00/182

Chargé Johnson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
San José, July 18; 1917, 10 a. m.

Referring to my cable of July 11, 11 p. m. Opposition to suspension of constitutional guaranties or its equivalent continues. Meas-

ure still pending, likely to die or be rendered harmless. Manifesto was issued by Tinoco same date warning against plots to overthrow him. The document is a remarkable confession of weakness and bankruptcy and regarded as poor judgment.

Today is published legislative decree authorizing issue of 2,500,000 colones, twelve year, twelve per cent bonds at ninety, secured by stamp tax, stamped paper, mail and telegraph revenues.

JOHNSON

File No. 818.00/182

The Acting Secretary of State to Minister Leavell

[Telegram]

DEPARTMENT OF STATE,
Washington, July 21, 1917, 5 p. m.

You may seek appropriate opportunity to intimate to President Estrada Cabrera that Government of United States is in receipt of reports indicating that ammunition has recently been shipped from Guatemala to those persons who are now assuming to exercise governmental functions in Costa Rica and who have not been recognized by the Government of the United States.

You will say that this Government would appreciate authoritative information in regard to these reports.

POLK

File No. 818.00/202

President Gonzales to President Wilson

NEW YORK, July 28, 1917.

EXCELLENCY: Your Excellency will probably remember that, at the interview you deigned to grant me in February last, I had the honor to say to you that without the recognition of the American Government Señor Tinoco would be utterly unable to hold the power he had seized, because, such recognition failing, he could not procure in this country the money which any Government in Costa Rica must have to meet its obligations until its revenue system is duly adjusted.

My predictions, Mr. President, have been fully verified by the event; although he laid hands on all the money that could be borrowed in the country, Señor Tinoco, in the fifth month of his administration is without a cent with which to pay his expenses and, according to an explicit statement made by him at a meeting of leading citizens called by him about the middle of last month at the Executive Mansion, sees no way out but a resort to issuing fiat money.

The mere announcement of this threat was enough to bring down the rate of exchange nearly one hundred points at one stroke and Señor Tinoco realizing that the remedy he had thought of could not bear the results that were sought, as on every new outpour of paper money the rate of exchange would automatically fall proportionately to the notes issued, with the result that the number, not the purchasing power of those notes, would be increased, has resorted to an expedient that is nothing short of genuine spoliation.

The said expedient consists in taking possession of the whole stock for export and not allowing any merchandise of Costa Rica to leave unless the owner deliver in advance to the Government, at a fixed rate of exchange, gold drafts in the full net amount of the intended export. (Late reports that have reached me bring that amount down to seventy per cent.)

As Your Excellency will see this measure amounts to spoliation pure and simple since it compels the owner to receive worthless notes in exchange for the gold which his goods represent, which notes cannot be later again turned into gold, as, although the law says that the drafts so acquired by the Government are to be sold at an advance of ten points, it also says that they can only be bought by persons to whom an Exchange High Commission specially appointed to that effect by the Government sees fit to sell them.

Such an unheard of provision, for which I do not think there is any precedent in the history of forcible governments, could very well be met if Your Excellency's Government would deign to order a measure that would nullify it. The measure would consist in excluding from the United States all products from Costa Rica as long as Señor Tinoco clings to the power. If so ordered, the result would be that the property would remain in the possession of the Costa Ricans instead of being appropriated by their ruler, and further, that the said ruler, thus driven to his last resources, would be compelled to do what he should have done from the first: relinquish the power which he is so unduly exercising.

Before deciding to offer to Your Excellency the foregoing suggestion, I talked the matter over with the Costa Rican exporter of coffee now in New York, Don Ricardo Montealegre, a man of wealth, an independent, a gentleman who has absolutely nothing to do with politics; Don Eduardo Bonilla, a wealthy gentleman who has been residing three years in the city in the very business of selling the coffee grown in his lands in Costa Rica; and Don Amado Sanchez, son and attorney of Don Julio of the same name, one of the richest men of my country and all are as enthusiastic as I, also a coffee exporter, over the idea which, they believe, holds out the true salvation.

I may conscientiously say that it will be received in the same way by all my fellow citizens, with the exception of course, of Señor Tinoco and his followers.

I think I have thus shown the measure to be moral, expedient and acceptable; will Your Excellency now deign to give your kind attention to the manner in which it might be conveniently brought into practice. Señor Tinoco himself showed us how to do it when he suppressed, just now, the Consulate General of Costa Rica at New York. The Consul, Señor Montero, being a friend of mine, Señor Tinoco closed the Consulate, the consequence being that the vessels which sail from New York,—and they are, in the main, those which carry the most freight to Costa Rica—will have to enter Port Limón without the papers and documents which every nation demands of a vessel that enters its ports. Little does Señor Tinoco care whether they have those papers or not, but on the other hand, if he were given reciprocal treatment by a temporary closing of the American Consulate in Costa Rica, no vessel could again stop on those shores where she would no longer find the officers empowered by law to deliver to her the papers required for her admission into American ports.

To your wise and just policy of nonrecognition, Mr. President, Costa Rica is indebted for the great invaluable boon that Señor Tinoco could not turn over to speculators the inheritance of future generations. Will your excellency deign to perfect your beneficent action by also incapacitating him from disposing of the assets of the present generation?

With assurances [etc.]

ALFREDO GONZÁLEZ

File No. 818.00/205

Chargé Johnson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
San José, August 9, 1917, 3 p. m.

Law in many respects equivalent to suspension of the constitutional guaranties, referred to in my telegram July 18, 10 a. m., proclaimed August 3. Loan referred to in my telegram of August 1, 10 a. m.¹ will be abandoned for the present as long as money obtainable through advance of coffee export tax. Joaquin Tinoco now in Guatemala supposed to be attempting to obtain joint request from Central American States for recognition by the United States.

Legislative program designed to enable Tinoco to sustain himself independently of recognition about completed. Summarizing situation since receiving your telegram of June 9, 3 p. m., it is evident here that Tinoco will not voluntarily resign, his economic resources however desperate have considerably increased though he has hardly a friend left outside of employees and his enemies are bitter. He has perfected a system of spies and police that renders difficult any *coup d'état* or uprising within this country. Leaders lack initiative and means to compel resignation of Tinoco either peacefully or by force. Country seems to be powerless successfully to resist violations of its constitutional order however flagrant by members of its political ruling class. Result desired by Department appeal now dependent on either unduly long further lapse of time or mere chance of successful *coup d'état* unless some military movement is aided from without this country.

JOHNSON

File No. 818.00/210

Chargé Johnson to the Secretary of State

[Extract]

No. 154

AMERICAN LEGATION,
San José, August 11, 1917.

SIR: I have the honor to report that the publication of one notice after another by the United Fruit Company of a reduction in their steamship service has caused considerable alarm to be felt here over the possibility of the requisition of all American merchant ships, leaving this country without steamship service with the United

¹ Not printed.

States or Europe. The Tinoco Government has been particularly alarmed at the prospect of losing its export tax on coffee already partially discounted and of the further reduction of its receipts from import duties.

The Tinoco organ, *La Informacion*, this morning prints an editorial calling attention to this possible requisition of ships and to the danger of not being able to export the coffee crop "upon which serious monetary obligations have already been contracted", but points out that Costa Rica will not suffer to such an extent as the other Central American countries because of a contract, which, it says, is already signed between the Minister of Finance and Mr. Minor C. Keith which amply assures and guarantees maritime communication between Costa Rica and the United States; the editorial goes on to say that the contract will be presented to Congress next week for ratification; that in return for certain moderate concessions Mr. Keith promises to maintain a weekly service of at least one ship between Puntarenas and the United States, probably New York, and that in these ships Costa Rica will be granted a certain amount of space for fetching and carrying freight; that the number of ships to be engaged in the service is four; that their tonnage is small and that, built as they are especially for the transport of manganese and lacking the qualifications for being used in the European service they will not be requisitioned and therefore Costa Rica's maritime communication with the United States is permanently assured; that another reason against their being requisitioned is their being engaged in transporting manganese, a requisite in the manufacture of munitions; that once more Providence comes to the aid of Costa Rica; that it is impossible to measure the consequences of not being able to export the coffee crop; that this would be more than a crisis, it would mean complete disaster; that the other manganese mining interests in Guanacaste will want similar concessions which the Government will grant on the same terms—of consenting to carry a certain amount of coffee; that the development of trade through Puntarenas will also greatly benefit the Government railway from San José to that port.

STEWART JOHNSON

File No. 818.00/231b

*The Secretary of State to Minister Leavell*⁵

[Telegram]

DEPARTMENT OF STATE,

Washington, September 21, 1917, 5 p. m.

Department's February 9, 3 p. m. Inform Government to which you are accredited that the United States desires it clearly understood that she has not recognized Tinoco's Government in Costa Rica and would not regard his recognition by Government to which you are accredited as evidence of a friendly feeling toward the United States.

LANSING

⁵ Same to the American Legations at Tegucigalpa, Managua, San Salvador.

File No. 818.00/248

Minister Jefferson to the Secretary of State

No. 425

AMERICAN LEGATION,
Managua, September 29, 1917.

SIR: In compliance with the Department's telegraphic instructions of September 21, 5 p. m., I have the honor to report that in my F. O. No. 224 of September 26, 1917, I informed the Government of Nicaragua that the United States desires it clearly understood that she has not recognized Tinoco's Government in Costa Rica, and would not regard his recognition by the Government of Nicaragua as evidence of a friendly feeling towards the United States. I have the honor to enclose herewith a copy of this note, together with copy and translation of the Foreign Office's reply thereto dated September 27, 1917.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure 1]

Minister Jefferson to the Minister for Foreign Affairs

No. 224

AMERICAN LEGATION,
Managua, September 26, 1917.

MR. MINISTER: At the request of my Government, I have the honor to inform the Government of your excellency that the United States desires it clearly understood that she has not recognized Tinoco's Government in Costa Rica, and would not regard his recognition by the Government of your excellency as evidence of a friendly feeling toward the United States.

I avail myself [etc.]

BENJAMIN L. JEFFERSON

[Inclosure 2—Translation]

The Minister for Foreign Affairs to Minister Jefferson

No. 274

NATIONAL PALACE,
Managua, September 27, 1917.

MOST EXCELLENT MR. MINISTER: I have the honor to acknowledge the receipt of your courteous note of yesterday, in which, at the request of your Government, you are pleased to inform me that the United States desires to set forth that she has not recognized the Government of Señor Tinoco in Costa Rica, and that the recognition of this Government by that of Nicaragua would not be looked upon as an act of friendship toward the United States.

In this respect, I consider it opportune to transcribe to your excellency the following cablegram which I sent yesterday to the Chargé d'Affaires of this country at Washington:

"Referring to instructions communicated to Minister Doctor Jefferson by Department of State, you will be pleased to inform Secretary Lansing that Nicaragua has not recognized the Tinoco Government, neither has she entered, nor does she propose to enter into any act which may involve this recognition. Reply."

I am pleased to confirm to your excellency the cablegram transcribed whose absolute and definite character vindicate any other commentary, and I may add only this to your excellency that my Government, faithful to the spirit of the Conventions of Washington, has refrained, from the beginning, from recognizing the present Government of Costa Rica.

I avail myself [etc.]

J. A. URTECHO

Fil No. 818.00/251.

Minister Ewing to the Secretary of State

No. 535

AMERICAN LEGATION,
Tegucigalpa, October 8, 1917.

SIR: I have the honor to refer to Department's September 21, 5 p. m. in which I am instructed to inform the Government of Honduras that the United States desires it clearly understood that she has not recognized Tinoco's Government of Costa Rica and would not regard his recognition by the Government of Honduras as evidence of a friendly feeling toward the United States.

This instruction was complied with on September 24 and I attach hereto a copy of the note to the Foreign Office; enclosure No. 1.

I further have the honor to refer the Department to my October 2, 5 p. m.¹ stating that a reply had been received to my note of the 24th instant, said reply setting forth the explanation of the Government of Honduras for its recognition of Tinoco's Government. The Foreign Minister states Honduras recognized Tinoco's Government in Costa Rica under the first article to the Additional Treaty to the General Treaty signed in Washington December 20, 1917, by the Central American Governments. He further states his Government abstained from granting recognition to General Federico Tinoco, as President of Costa Rica, during the time he exercised a *de facto* power, but later when General Tinoco announced before the Constitutional Assembly of Costa Rica, he had taken possession of the Presidency; said announcement having been duly accepted by the representatives of the people of Costa Rica, Honduras was in duty bound to extend recognition. This recognition was extended not by an expressed act, but by the reply of Honduras on June 11, 1917, to the autographed letter of General Tinoco announcing the fact of his having taken the Presidency, before the Constitutional Assembly of Costa Rica, by virtue of election by his fellow citizens.

The Foreign Minister, the day previous to the receipt of Department's cable of September 21, when questioned as to whether or not Honduras had recognized Tinoco's Government, stated recognition had been extended some time in May; said recognition having been granted under the well established rules of international law.

From a conversation I had with the Foreign Minister on Saturday, October 6, he showed considerable anxiety over this situation and expressed the hope that an answer to his note of September 29 would soon be forthcoming from the Government of the United States. It is clearly evident, from the tenor of his note, that Honduras is most anxious to assure the United States of its desire to maintain the most cordial relations but to excuse the recognition of Tinoco's Government on the grounds of Honduras having acted only in accordance with the declaration of high political morality as set forth in the note of September 24 and according to precedent under the rules of international law.

With reference to the refusal of the Government of the United States to recognize the Government of Tinoco I feel confident this Government takes the same position as expressed to me by the representative of Salvador; i. e., that the United States has granted

¹ Not printed.

recognition to Russia, China and Peru why not recognize Costa Rica as there exists at the present time no opposition to Tinoco in Costa Rica. This view of the situation has been commented upon in one of the publications of recent date.

I have the honor to suggest that a reply of some nature be made to the Government of Honduras, for the Foreign Minister, on behalf of his Government, has, on several occasions, referred to his note as meriting a reply.

I have the honor to enclose herewith copy of my note to the Foreign Office under date of September 24, together with a copy of the reply of the Government of Honduras and a translation of same, all in triplicate.

I have [etc.]

JOHN EWING

[Inclosure 1]

Minister Ewing to the Minister of Foreign Affairs

AMERICAN LEGATION,
Tegucigalpa, September 24, 1917.

EXCELLENCY: I have the honor to inform your excellency of the receipt of a cablegram from the Honorable the Secretary of State of the United States of America, under date of September 21, 1917, just received, which is as follows: [Here follows Department's telegram of September 21, 1917, 5 p. m.]

I improve this opportunity to repeat to your excellency [etc.]

JOHN EWING

[Inclosure 2—Translation]

The Minister of Foreign Affairs to Minister Ewing

MINISTRY OF FOREIGN RELATIONS,
Tegucigalpa, September 29, 1917.

MR. MINISTER: In reply to the courteous note of your excellency dated the 24th day of this month, by means of which you were pleased to communicate to me the attitude of your Government with reference to the Government in Costa Rica presided over by General Federico Tinoco, I have the honor to make known to you the following:

The Additional Treaty to the General Treaty signed in Washington December 20, 1917, by the Central American Governments, contains in its first article the stipulation which says:

"The Governments of the High Contracting Parties shall not recognize any other Government which shall come into power in any of the five Republics as a consequence of a *coup d'état*, or of a revolution against the recognized Government, so long as the freely elected representatives of the people thereof, have not constitutionally reorganized the country."

The Government of Honduras in compliance with this stipulation abstained from recognizing General Federico Tinoco as President of Costa Rica during the time he exercised a *de facto* power, abstaining from entering into relations officially with his Government, so long as it had no knowledge that the freely elected representation of that people had reorganized the country in constitutional form.

But with this condition fulfilled, whose compliance was confirmed by the autograph letter in which General Federico Tinoco announced that he had taken possession of the Presidency, before the Constituent Assembly of Costa Rica, by virtue of election by his fellow citizens, the Government of Honduras, in compliance with this same article of the Additional Treaty, was in duty bound to recognize that Government, which it did, not by an expressed act, but by the reply it gave on the 11th of June, last, to the mentioned autograph letter, official relations with the Government of Costa Rica remaining open since that date. Such act, conforming to the principles of international law, does not signify in any

manner appreciation of the justice or injustice of the means which gave as their result the presence of Mr. Tinoco in power, but merely the recognition of the indisputable fact of the existence of a Government which, without opposition in Costa Rica, exercises supreme power and assumes international obligations, the sole requirement of international law in such cases.

The Government of Honduras in opening its relations with Costa Rica, after having had communicated to it the election of Mr. Tinoco and having been informed that the Constituent Power had given to him possession of the Presidency, has believed that it has proceeded in accord with the declaration of high political morality of the Government of the United States of America, contained in the note which your excellency was pleased to address to me under date of February 10, in the following terms:

"The Government of the United States desires to set forth in an emphatic and distinct manner its present position in regard to the actual situation in Costa Rica, which is that it will not give recognition or support to any Government which may be established unless it is clearly proven that it is elected by legal and constitutional means."

This declaration implies recognition in the event of the holding of elections by legal means, which are supposed to be employed when there is no complaint on the part of the populace living where they take place.

So understood the Government of Honduras, and doubtless so understood, also, the Governments of Guatemala and El Salvador, which recognized in the same form as Honduras the Government of Mr. Tinoco, after his election.

For the other part, the peculiar conditions of the Central American States, one of which is Costa Rica, the ties of family which unite them and the immediate and constant communication among them also have been determining motives for reestablishing relations with that country, as soon as it complied with the conditions demanded by the first article of the Additional Convention referred to.

I cherish the hope that the frank exposition preceding will carry to your excellency the conviction that my Government has believed itself to be proceeding in this delicate affair with regard for its international obligations and in harmony with the spirit of the declaration which your excellency was pleased to communicate to me. And I trust that the illustrious Government of the United States, with the good will with which it has contributed always to the progress and welfare of the Central American Republics, will continue extending the valued support of its friendship, so highly appreciated and recognized by the Government and people of Honduras.

I improve this opportunity to repeat to your excellency [etc.]

MARIANO VÁSQUEZ

File No. 818.00/251

The Secretary of State to Minister Ewing

No. 178

DEPARTMENT OF STATE,
Washington, November 22, 1917.

SIR: The Department has received your No. 535, of October 8, transmitting a copy of your note in which you inform the Honduran Government that the Government of the United States would not regard the recognition by Honduras of General Tinoco's Government of Costa Rica as a friendly act, and a copy of the reply of the Minister of Foreign Affairs, explaining the recognition of the Tinoco Government by Honduras.

In reply you are instructed to acknowledge the receipt of the note of the Minister of Foreign Affairs stating that the Government of the United States has taken careful note of the position assumed by Honduras in regard to its recognition of the Government of Tinoco in Costa Rica, and thanking the Honduran Government for its expressions of friendship for the United States, which are reciprocated.

I am [etc.]

ROBERT LANSING

File No. 818.00 275

Minister Price to the Secretary of State

[Telegrams—Extract]

AMERICAN LEGATION,
Panama, December 20, 1917, noon.

Secretary of Government and Justice informs me Alfredo and José Volio, Colonel Ricardo Monge, José Arias, Abel Robles and four others under the leadership of M. Castro Quesada arrived all well armed and without passports at Cote on Golfo Dulce and were taken under arrest to David where they were released by his orders. He says that they wish to go to Nicaragua and that if they have any intention of overthrowing Tinoco he feels sure that they will do nothing from Panaman territory.

PRICE

File No 818.00/280

AMERICAN LEGATION,
Panama, December 26, 1917, 5 p. m.

Alfredo Volio, accompanied by British Minister, called upon me to-day asking that I inform Department of his intentions. The following is a summary of these and of his responses to my questions.

As the leader he expects to invade Costa Rica from Nicaragua through Guanacaste to overthrow Tinoco, hold a free election. He has no personal ambitions but is willing to be a candidate for the presidency. He has organization and counts on uprising in every province when he starts and anticipates no effective opposition except in the City San José. He stated that he expected Nicaraguan President to favor him but would like Department to intimate to him to do so which would assure it, that Julian Irias is a friend of Tinoco and has procured commissions for some ten Nicaraguan leaders in the Costa Rican army, that he would assure pro-American, pro-Ally administration; that the Germans would favor him but only because of their considerable investments and of confidence of stable government under him; that he has ample funds including drafts on the Mercantile Bank of America and will remain here a week or more and in the meantime wishes to communicate by cable with Manuel Castro Quesada requesting that I procure for him transmission of his cables; that Rafael Cannes, the third Designado, is closely connected with the family of Tinoco but would be an acceptable President; that Augustine, brother of Manuel Castro Quesada, instead of the latter, was with his party and had gone to Sixaola; that Monge arrived yesterday with him. Others expected tomorrow.

Later he has filed following cablegram addressed to Alfredo González, Manuel Castro Quesada, Costa Rican Legation, Washington or New York.

Flag of rebellion raised, country back of us, let González influence Department to favor us. Have Castro come to Panama. I will tell about Nicaragua later. Answer to Panama.

Censor is withholding transmission until he hears from me. Please instruct immediately whether it should be forwarded. British Minister says Volio is a personal friend but that he believes him to be

pro-German. He impresses me as not yet having effective organization but seeking one and especially the countenance of the Department.

PRICE

File No. 818.00/280

The Secretary of State to Minister Price

[Telegram—Extract]

DEPARTMENT OF STATE,

Washington, December 29, 1917, 6 p. m.

Your December 26, 5 p. m. Instruct censor to withhold transmission Volio's cables. You may inform Volio that the Government of United States will not countenance armed activities such as he contemplates, inasmuch as this Government feels that only by moral force can a constitutional and duly legalized Government be set up in Costa Rica.

You may inform Government of Panama that Government of United States cannot countenance any armed activities against Government of Nicaragua or the people of Costa Rica, and wishes to emphasize the responsibility which of course the Government of Panama recognizes rests upon that Government to prevent armed forces from leaving territory of Panama for the purpose of operating in either of the neighboring Republics. Please communicate contents of this telegram to United States military authorities, and request their cooperation in watching movements of Volio and his followers and in preventing them from undertaking armed expedition contemplated by them.

LANSING

CUBA

POLITICAL AFFAIRS. ELECTION DISPUTES. ATTITUDE OF THE UNITED STATES. PLOT AGAINST THE LIFE OF PRESIDENT MENOCA. REVOLUTIONARY OUTBREAKS IN SEVERAL PROVINCES. ATTITUDE OF THE UNITED STATES TOWARDS INSURRECTION. REELECTION AND INAUGURATION OF PRESIDENT MENOCA

File No. 837.00/1056

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, January 22, 1917, noon.

Urgent and confidential. Political situation critical and dangerous. Seven weeks ago when the liberals believing that Supreme Court with conservative tendencies would decide against them I did what I could to get the leaders to discountenance revolt and determine to accept judgment of the courts. Supreme Court has now decided against the conservative protests. At that time President Menocal declared to me repeatedly that the courts were the only proper arbitrators, and he was determined rigorously to suppress opposition to their findings and that "there shall not be another revolution in Cuba". The decision of the court as to Santa Clara Province assures a national liberal victory unless a liberal majority of the 1,164 already established in that province can be overcome in the partial elections to be held about February 12 in only six precincts whose maximum honest vote could not exceed 1,500 with party strength of neither side preponderant.

I find the President bitter against the Supreme Court and having mental attitude that as a natural consequence Supreme Court in throwing out conservative contests practically indorsed frauds by the liberals, his party cannot be restrained from exerting every effort and using the vote in these six precincts to overcome the established majority. This means employment of force, killing of liberal managers at the polls and declaration of palpably fictitious result. This would cause, in my opinion, revolution of much more bitterness and more difficult of solution than that of 1906. Destruction of cane plantations would be extensive. Personally sympathizing with President Menocal's reelection, his success by such methods, even without a revolution, would be an enduring calamity to Cuba. I do not believe majority of the cabinet or the party leaders advocate extreme measures to win election. Shall keep in close touch and hope for change in attitude of President but would like Department's judgment.

GONZALES

File No. 837.00/1056

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, January 26, 1917, 4 p. m.

Your January 22, noon. Department has given careful consideration to statements made in your cablegram and agrees with you that employment of force by either party at this time would cause far more serious and difficult situation than has hitherto arisen in the Republic of Cuba.

Your action in conferring informally with President at this time is approved. Should occasion arise and you consider it necessary, you may intimate to the President that this Government has been viewing with a great deal of friendly interest the present political situation in Cuba and has felt gratified that the differences of opinion were being settled according to the manner prescribed by law; that any action which would cause disturbance in Cuba and upsetting of the extremely good economic conditions would be decidedly regrettable inasmuch as the eyes of all American nations are turned upon Cuba at this time in consequence of the great strides which the Republic has made in political and commercial advancement.

LANSING

File No. 837.00/1059

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, February 1, 1917, midnight.

After a long talk with President yesterday in which I fully presented Department's views and hopes, as expressed in the Department's January 26, 4 p. m., spoke of the general apprehension of public disorder at elections and regretted that nothing had been said publicly by one in authority to reassure the people, he assured me the Government's measures were being taken only to enforce order and insure safety to votes of both parties. Elections he declared would be held according to law and the liberals were agitating the country with contrary reports. As a probable result of this interview General Nunez, Vice Presidential candidate, has published long, full statement assuring public there need be no apprehension of lawlessness or misuse Government's powers. This has had a good effect. Liberal party council is tonight considering asking the United States to supervise elections on the fourteenth.

GONZALES

File No. 837.00/1059

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington February 10, 1917, 7 p.m.

Department's January 26, 4 p. m. Your February 1, midnight. You are instructed to hand the following statement to President Menocal and say that you have been directed to request that he make it public:

The Government of the United States, in view of its relations with the Republic of Cuba, and on account of the duties which are imposed upon it by the agreement between the two countries, is regarding with no small concern the question of the new elections in Santa Clara Province, which it is understood is an effort to carry out the laws providing the machinery for settling election disputes, and upon which laws the constitutional government must depend. In this case it is understood that the law provides that election disputes be settled by a central committee with an appeal to the Supreme Court of Cuba and ultimately should the dispute remain unsettled, by a reelection to be held in the districts in dispute.

The Government of the United States is confident that both parties are endeavoring to do their utmost to settle their difficulties through the agencies provided by law and without having recourse to methods which would cause a disturbance throughout the Republic and it would view with gratification the invoking of the constituted judicial methods by the people of Cuba, particularly at the present time when the great portion of the world is embroiled in armed conflict. Such a settlement of their disputes would undoubtedly stand as a fine example before the world as a case where misunderstandings were being adjusted by law instead of by arms.

The Government of the United States as a friend of the Republic of Cuba, desires to point out that election controversies have not been unknown within its territory, in which party feeling ran at the highest pitch and wishes to recall to mind that these disputes have always been settled by legal and peaceful means. The most notable case which has occurred in the United States was the Hayes-Tilden controversy in which the legally established elective machinery finally decided in favor of the candidate who had the minority of the popular vote. This controversy clearly proved that patriotism was elevated by a resort to law rather than by faith in arms.

The Government of the United States better than any other nation knows the patriotism of the Cuban people and mindful of the patriotic deeds done by the Cuban heroes in their struggles for liberty, is confident that the same patriotic spirit will prevail in the settlement of the present electoral difficulty and that it will be shown by implicit faith in the legal means which have been established for the settlement of such questions.

In view of the interest which this Government feels for the future of Cuba as a nation highly advanced in patriotism and social development, it is anxious that all the parties should know that their course is being followed by the United States with the closest observance and in the confident expectation that the means provided for by the Cuban Constitution and the laws enacted for this very purpose will bring as a logical result a satisfactory and peaceable settlement of the present difficulties.

You are instructed to inform President Menocal that this Government is confident that he will use every means in his power to prevent any disturbance of the present peaceful conditions in Cuba. That this Government is observing with the closest scrutiny every act of each of the parties which might indicate intimidating action by armed forces or illegal pressure exerted by the military or the police at the time of elections.

LANSING

File No. 837.00/1062

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, February 10, 1917, 10 p. m.

Urgent. As result of alleged plot against the life of the President three lieutenants of artillery attached to palace guards were arrested this morning and imprisoned and four lieutenants of infantry suspected of complicity were sent aboard a Cuban gunboat. Both Zayas and former President Gomez are absent in Santa Clara Province where partial elections will be held next Wednesday.

So far as it is possible to judge from opinions of business people with interests throughout the country and from general public apprehension, conditions could not be more critical. The President holds there will be no revolution. He asserts that the disposition of armed forces in Santa Clara and other elaborate precautions taken are solely for the purpose of maintaining order; the opposition and many of the President's own party contend they are intended to terrorize people and prevent their appearance at the polls. In the circumstances this view is reasonable but it is impossible to establish its accuracy. My opinion is that if force is actually used by conservative party it will be through more or less organized civilians. Some newspapers on both sides are inflammatory and unscrupulous in allegations.

If the conservatives carry the elections and the generally apprehended revolution takes place it would have early manifestation in wholesale burning of cane which is now extraordinarily inflammable. The Government would immediately attempt to arrest liberal leaders and I would regard the lives of Gomez and Ferrara in peril, even if they were not publicly participating in revolt.

The situation is unquestionably grave. Does Department consider it advisable that I ask the President if he objects to my sending military attaché to Santa Clara to observe elections? One drawback is that his presence might be construed to give endorsement to result, but it might avert bloodshed at one or two points.

GONZALES

File No. 837.00/1064

AMERICAN LEGATION,
Habana, February 11, 1917, 11 p. m.

Your February 10, 7 p. m. At three o'clock this afternoon I delivered to the President a memorandum covering your instructions. At eight o'clock to-night he sent me a personal note accompanied by official reply from Secretary of State Desvernine. The Secretary says the Foreign Office neither exercised nor thought of exercising any power except to make disposition required by vigilance and nothing contrary to law and justice. It will permit no one to disturb order or, with fraudulent proceedings or violence, to change the legal process by which elections are regulated. Illegality will be handled by the courts, as the criminal courts are now investigating the plot against the President's life.

In respect to the publication of the Department's message, the Secretary of State says the President does not think he should take the initiative in its publication but is quite willing that I should do so.

In his personal note to me President Menocal expresses fear that biased reports have reached the Department. He says his past history and life, he thinks, entitle him to the American Government's confidence, and that he would never consent to a subversion of the reign of justice by violation of the fundamental laws of the Republic.

This afternoon the President spoke feelingly of his patience in bearing past abuse and assaults of agitators which had lately culminated in attempt on his life. He asserted that the only leaders in

the present agitation against him were those who inaugurated the revolution in 1906; that the future peace and happiness of Cuba depended upon the suppression of revolutions engineered by selfish bad men. He had the situation well in hand, he declared, and was determined only to enforce the law and crush lawlessness.

There was a miniature uprising at one point in Habana Province and one point in Santa Clara today. One man was killed. A few men took to the woods and are being pursued by rural guards. About forty soldiers, expecting, it is alleged, to take part in a general uprising against the Government to-day escaped from Camp Columbia last night. Two were wounded and two of the guard were wounded. They are being hunted in the country. Numbers of civilian suspects have been arrested by the secret police. The action of soldiers is evidence of attempts to corrupt army, as alleged by the President, and developments outside past two days indicate some organization by liberals to revolt. It is an interesting coincidence that every important liberal leader is absent from Habana today. There is a feeling that these violent manifestations before election are harmful to liberal cause.

I understand warrants have been issued for a number of liberals said to be implicated in plans for revolution and attempt on the life of the President.

The President seems absolutely calm and confident of quickly suppressing any possible outbreaks. He asks for an understanding of his obligations and motives and patience.

GONZALES

File No. 837.00/1064

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, February 12, 1917, 5 p. m.

Your February 10, 10 p. m. and February 11, 11 p. m. Department has made public this afternoon statement transmitted in its February 10, 7 p. m. You are authorized to give it to Cuban press. If President Menocal and Zayas have no objections you are authorized to send military attaché to Santa Clara to observe elections but to give no counsel and take no active part in supervision.

LANSING

File No. 837.00/1068

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, February 12, 1917, 11 p. m.

There exists organized revolution against the Government in two, probably three, provinces. There has been no communication today with Camaguey, all lines cut and wireless not working. The assumption is that two battalions of troops there have joined insurrectionists and the capital of province occupied by them. Tonight Consul Griffith telegraphs that a major, supposed to be

favoring liberal party's cause, took over command of troops in Santiago and placed colonel of regiment and governor of province in prison.

In numbers of towns in Santa Clara Province where the partial elections were set for Wednesday the mayors and part of police with some rural guards and numbers of civilians variously estimated at five hundred to one thousand have gone to the woods. In the most important encounter in Santa Clara the insurgent mayor and chief of police of one town were killed by troops. Tonight perfect quiet is reported in Habana, Pinar del Rio and Matanzas Provinces.

It is believed in Government circles that former President Gomez who left Habana a week ago in his yacht landed today in Camaguey Province. If he leads the revolution it will become most serious.

Menocal is evidently deeply disappointed at disloyalty of portion of troops. He attributes it to the fact that he retained officers in the army as it was organized by his predecessor Gomez.

This afternoon the newspaper *Heraldo de Cuba* edited and owned by Ferrara, Speaker of the House, was suppressed on charge of persistence in seditious publications.

The plan for army disaffections and that against life of the President are considered by officials as perfectly connected. No statement has been made by Government but President is preparing proclamation tonight.

None here understand policy of liberals in beginning revolution before the elections. The contention is they were not to be permitted to vote. Had this been sustained by events they still had the courts that had already decided in their favor and then revolution as a last resort. As the case stands the revolution is based on the allegation of proposed frauds or force.

Latest accounts are that Government is sending gunboat to retake Santiago. Most of the soldiers were absent in country districts when *coup* was effected.

Cuban Government is naturally desirous of having expression of moral support from the Government of the United States. British and American interests are already expressing belief that visit of a few war vessels to Cuban ports would have calming effect. Military attaché requests that facts given above be furnished the Chief of Staff.

GONZALES

File No. 837.00/1073

Consul General Rodgers to the Secretary of State

[Telegram]

AMERICAN CONSULATE GENERAL,
Habana, February 13, 1917, 4 p. m.

It is reported from reliable sources that Province Camaguey in hands revolutionary party with former President Gomez in command of forces and supported by four thousand men. Further that provisional government has been declared with Enrique Recio, Representative, at head. It is reported also that Oriente Province and Santiago de Cuba in hands revolutionary party and that tranquillity prevails there, armed forces having deserted Government. Also that

liability of revolt in army at Habana may occur tonight. All this unofficial but from apparently reliable sources and communicated to Department under that understanding. No doubt but that outlook for Government very serious under present conditions and general opinion seems to be that great trouble will result.

Reports as to occurrences in Camaguey and Oriente are now reaching sugar mill and steamship offices in Habana and all confirm news herein. So far as reported absolutely no antagonism to Americans or interests as yet.

RODGERS

File No. 837.00/1068

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,

Washington, February 13, 1917, 5 p. m.

Your February 12, 11 p. m. You will issue the following statement as coming from the Government of the United States:

The Government of the United States has received with the greatest apprehension the reports which have come to it to the effect that there exists organized revolt against the Government of Cuba in several provinces and that several towns have been seized by insurrectionists.

Reports such as these of insurrection against the constituted Government cannot be considered except as of the most serious nature since the Government of the United States has given its confidence and support only to Governments established through legal and constitutional methods.

During the past four years the Government of the United States has clearly and definitely set forth its position in regard to the recognition of governments which have come into power through revolution and other illegal methods and at this time desires to emphasize its position in regard to the present situation in Cuba. Its friendship for the Cuban people, which has been shown on repeated occasions, and the duties which are incumbent upon it on account of the agreement between the two countries force the Government of the United States to make clear its future policy at this time.

Repeat same to American consuls and agents at Cienfuegos, Sagua la Grande, Cardenas and Matanzas. Report to Santiago de Cuba requesting the consul to make the foregoing public in Camaguey.

LANSING

File No. 837.00/1068

DEPARTMENT OF STATE,

Washington, February 13, 1917, 6 p. m.

Your February 12, 11 p. m. In view of present situation Department believes it desirable for you to exert all your efforts to induce President Menocal and leaders of the liberal party to postpone elections in Santa Clara Province until such a time as present disturbances are at an end and quiet throughout the Republic reestablished.

LANSING

File No. 837.00/1075

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Habana, February 13, 1917, 11 p. m.

No material change since earlier report. Cruiser *Cuba* left here tonight with three or four hundred men for Santiago.

Government appears to have situation at Santa Clara well in hand. Tonight President Menocal showed me telegram from General Nunez in city of Santa Clara saying there is order about the places where voting will take place tomorrow and that liberals will participate in elections.

President asserted people in the country were not [apparent omission] the petty insurgent chiefs and that he was receiving thousands of telegrams from volunteers.

Whereabouts of Gomez not definitely determined but he is believed to be in Camaguey by the President, who says that he will begin vigorous move against him the day after elections.

There was more optimism shown at the palace tonight.

"This means life or death for Cuba; I hope it is [apparent omission]," said the President.

As I need him and he could attend only one polling place in Santa Clara am keeping military attaché here.

GONZALES

File No. 837.00/1076

AMERICAN LEGATION,
Habana, February 14, 1917, 1 p. m.

Your February 13, 5 p. m., was deciphered three o'clock this morning. Nine hours earlier I had sounded President on the possibility of postponing elections, and saw him again as early as possible this morning, getting more positive statement. He declared that the Junta Central constitutes sole legal authority outside of Congress for such postponement, and that body yesterday voted against action. The Junta Central is supreme electoral power independent of Executive, composed of president of the Supreme Court, a member of college of law, University of Habana, ranking member of Provincial Court of Habana and one representative of each party. Only the representative of liberal party voted in favor of suspension.

Early report from election mentions no disorder.

GONZALES

File No. 837.00/1080

AMERICAN LEGATION,
Habana, February 14, 1917, 5 p. m.

Situation at noon today. Baldomero Acosta and Pino Guerra, with eighty men including fifteen soldiers, deserters from Camp Columbia, passed into Pinar del Rio Province from Habana, pursued by soldiers. They made a stand against small detachment soldiers but fled when reinforcements arrived. Three insurgents, including sergeant of deserters, eight horses killed, [apparent omission] two Government soldiers. Government completely controls Santa Clara Province west of Jatibonico River. José Miguel Gomez with main body insurgents whose strength described by the Government as only several hundred is near Ciego del Avila in Camaguey. Sugar mills of Cuba Central, British company, at Jatibonico stopped grinding yesterday on order of Gomez. Since then eight hundred Government troops have arrived in the neighborhood. Seven hundred Government

troops from Cabanas fortress will land from cruiser *Cuba* at Jucaro tomorrow to cooperate with the forces mentioned as near Jatibonico.

GONZALES

File No. 837.00/1081

AMERICAN LEGATION,
Habana, February 14, 1917, 7 p. m.

Fernandez, signing himself military commander of district, cables me from Santiago he has overcome Government authorities and assumed provincial command, that military necessity requires mining of harbor mouth and all American ships wishing to enter must ask for pilot, that he wishes to avoid bloodshed but will defend himself energetically.

In second cable Fernandez says he hears Menocal intends executing officials of the army and others charged with treason, that if this is true he will retaliate on military and civilian officials he holds [in] prison.

Those army officers arrested by Government have not yet been tried.

GONZALES

File No. 837.00/1083

AMERICAN LEGATION,
Habana, February 14, 1917, 11 p. m.

Publication of statement giving position of United States regarding revolutions has had most clarifying effect upon public mind and the Government officials deeply grateful.

GONZALES

File No. 837.00/1082

AMERICAN LEGATION,
Habana, February 14, 1917, midnight.

According to Government advices elections were held in Santa Clara to-day without further friction. In over two thousand votes Menocal received ten to one. The President's explanation is that liberals would not vote for Zayas. I understand several American newspaper correspondents were present.

No change in the situation since noon report except that Manuel Gonzales, mayor of Santo Domingo, Santa Clara Province, a large cane grower, has surrendered on promise of safe conduct to Habana.

Much depends on whether the people in country who have not responded to local insurgent leaders will rally around Gomez. That will be demonstrated by the end of week.

GONZALES

File No. 837.00/1091

AMERICAN LEGATION,
Habana, February 15, 1917, noon.

Military conditions unchanged. Government troops to-day were in touch with forces under Gomez near line between Santa Clara and Camaguey Provinces but are awaiting arrival of regiment sent by sea from Habana before attacking.

Petrel of naval station is at Santiago. Consul there again reports conditions growing worse but no details.

GONZALES

File No. 837.00/1087

AMERICAN LEGATION,
Habana, February 15, 1917, 4 p. m.

American Consul Santiago reports: "War vessel just arrived, conditions much worse." Have asked for prompt report of explanatory facts.

GONZALES

File No. 837.00/1090

AMERICAN LEGATION,
Habana, February 15, 1917, 5 p. m.

Department should understand contingencies. General and widespread doubt exists of army's loyalty and the demonstrated disaffection in Santiago and Camaguey is not reassuring. Gomez organized this army when he was President and number of its officers took part in liberal revolt of 1906. Zayas told me 75 per cent of the army would come to him when called.

The test and crisis will come when the President's forces are brought against Gomez in Camaguey Province. In Gomez forces are several hundred deserters from the army. If Gomez should gain advantage through failure of Government's forces to fight loyally, I believe there would undoubtedly be uprising of liberals in Habana of sufficient strength to place President and Governor in peril. The rural guard force appears loyal but it is scattered throughout country.

At this time the published result of yesterday's election has not affected the situation.

Grinding in number of sugar mills stopped by order of Gomez but no cane destroyed. His object is to recruit men thrown out of employment.

The President's nearest friends, even some Cabinet members are not confident and I know many of them would be glad of almost any compromise. All of them doubt the army and are apprehensive of result of uprising here. There is no sign of uneasiness among Americans. On the other hand if army stands test of fight against Gomez forces there would be strong tide turning to President.

GONZALES

File No. 837.00/1093

The Minister for Foreign Affairs to the Cuban Minister

[Telegram left at Department by the Cuban Minister February 15, 1917]

HABANA, February 14, 1917.

The statements issued by the Minister of the United States here to the press, with which you are surely acquainted, have produced the most favorable impression in all law-abiding citizens, because of the emphatic declarations made in the name of the United States Government with regard to its policy of upholding only legally constituted governments and never those that may be formed through

revolutions. This declaration will have the most beneficent effect and the President instructs me expressly to direct you to assure the Government of the United States that, with the moral support of that Government, he is firmly convinced of his ability to reestablish order and to give a decisive example for the future with regard to seditious citizens and especially as to the military who may violate their sacred duties of discipline and fidelity. With reference to the military uprising in Santiago, to which your cablegram referred, I inform you that it has not extended and that the President is sure of dominating that or any other civil or military uprisings with the resources in his power and the reinforcements which have already been sent to those places.

DESVERNINE

File No. 837.00/1096

The Secretary of the Navy to the Secretary of State

NAVY DEPARTMENT,
Washington, February 15, 1917.

SIR: I have the honor to acknowledge the receipt of your letter of February 14, 1917,¹ in which you inquire whether it would be possible for this Department to order two United States men-of-war to proceed immediately to Habana and Santiago de Cuba, respectively.

The Commander in Chief of the Atlantic Fleet has been informed that Fernandez, a revolutionary leader in control at Santiago, has informed the American Minister at Habana that military necessity has required the mining of Santiago harbor, and that any American vessels wishing to enter that port must obtain the services of a pilot. The Commander in Chief has further been informed that the Department of State desires that United States men-of-war be sent immediately to Habana and to Santiago de Cuba, and has been instructed to comply with this request.

JOSEPHUS DANIELS

File No 837.00/1096

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, February 16, 1917, 11 a. m.

The President published proclamation this morning guaranteeing security for all pacific citizens whatever their ideas, antecedents and political affiliations so long as they respect the laws. It is a brief appeal intended to bring from hiding, timid persons who do not wish to revolt.

GONZALES

¹Not printed.

File No. 837.00/1057

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, February 16, 1917, 3 p. m.

Navy Department informs Department that U. S. S. *Machias* will replace U. S. S. *Petrel* at Santiago and that U. S. S. *Dixie* will sail for Habana some time today. These vessels will report upon conditions and be present in case of emergency.

LIANSING

File No. 837.00/1101

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, February 16, 1917, 11 p. m.

No disturbances in Habana, Pinar del Rio and Matanzas Provinces. Santa Clara continues dominated Government troops and five hundred cavalry passed from that province into Camaguey to-day. Fight with Gomez forces expected to-morrow. Government has thousand armed men at Chaparra and advices from there agree with report from Consul at Santiago that Government troops control in number of towns Santiago Province. Consul says situation Santiago City very critical and threatening. Two Cuban merchant vessels there seized by insurgents and reported armed.

GONZALES

File No. 837.00/1101

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, February 17, 1917, 6 p. m.

Your February 16, 11 p. m. Navy Department received this morning radio from commander of *Petrel* at Santiago stating that revolutionists have placed two ships with explosives to block harbor by sinking in case of approach of Federal war vessels. Leader revolutionary forces stated he would sink these vessels unless United States forces guaranteed no Federal ship would enter.

As it is essential for protection of foreign interests that channel should be kept clear Navy has sent radio to commander in chief of fleet to send necessary ships to aid *Petrel* and to instruct commander of *Petrel* to warn Federal ships not to enter under existing conditions and to prevent their entry.

You are directed to inform Cuban Government of the above and state wishes of this Government that Federal ships shall not attempt to enter at this time.

LIANSING

File No. 837.00/1103

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,

Santiago [undated; received February 17, 1917, 6.40 p. m.].

Petrel at mouth harbor. Revolutionists to prevent entrance Cuban gun boats attempted four the morning of 16th to seal harbor entrance by sinking two merchant vessels. Commander *Petrel* prevented the same and commander in chief instructs him must not permit blockade of this harbor. Revolutionists have plenty of ammunition but guaranteed this office and commander *Petrel* protection life and property Santiago both native and foreign. The people excited, business paralyzed, national bank closed, others contemplating the same, various protests entered by Americans. Minister has been advised.

GRIFFITH

File No. 837.00/1103

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Habana, February 17, 1917, midnight.

Government reports sharp encounter today near Sancti Spiritus, Santa Clara Province, in which machine guns were employed against insurgents who fled after heavy losses.

No advices from Camaguey except that 50 deserters from army returned in a body.

Consul at Santiago cables commander of American gunboat *Petrel* frustrated insurgents in purpose to sink two Cuban merchant vessels in harbor mouth.

Americans report that Gomez has issued orders all cane grinding must cease in Camaguey after to-morrow; also issued a circular calling patriots to his side. His people are confiscating arms of all kinds from houses and persons.

GONZALES

File No. 837.00/1114b

The Secretary of State to the Secretary of the Navy

DEPARTMENT OF STATE,
Washington, February 17, 1917.

SIB: I have the honor to enclose herewith a copy of a statement² which was transmitted to the American Minister at Habana, by this Department, with instructions to make it public and to send it by telegraph to the American Consul at Santiago.

The Minister has reported that the revolutionary commander at Santiago has withheld this message from the Consul, who was instructed to make public its contents. It is therefore requested that this be

² See Department's telegram to the American Minister at Habana, February 12, 1917, 5 p. m., p. 356.

sent via wireless to the commander of the United States war vessel which is now at Santiago, with instructions to deliver it to the Consul in order that he may inform the leader of the revolution of the contents thereof and have it become generally known throughout Santiago and the Province of Oriente.

I have [etc.]

ROBERT LANSING

File No. 837.00/1106a

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, February 18, 1917, 7 p. m.

You will hand Government of Cuba copy of following statement and say that you are authorized to make it public. You are instructed to transmit to Consuls and Consular Agents of United States in Cuba with directions to give it publicity:

It is hardly necessary to state that the events of the past week in connection with the revolt against the Government of Cuba have been viewed with the closest scrutiny by the Government of the United States, which Government having set forth its attitude in previous statements, in regard to the confidence and support which it gives to constitutional governments and the policy which it has assumed towards the disturbance of peace through revolutionary methods, wishes again to inform the Cuban people as to its present position.

1. The Government of the United States supports and sustains the Constitutional Government of the Republic of Cuba.

2. The armed revolt against the Constitutional Government of Cuba is considered by the Government of the United States as a lawless and unconstitutional act and will not be countenanced.

3. The leaders of the revolt will be held responsible for injury to foreign nationals and for destruction of foreign property.

4. The Government of the United States will give careful consideration to its future attitude towards those persons connected with and concerned in the present disturbance of peace in the Republic of Cuba.

LANSING

File No. 837.00/1106b

DEPARTMENT OF STATE,
Washington, February 18, 1917, 8 p. m.

Commander U. S. S. *Petrel* informed Navy Department that revolutionists are prepared to set fire to Santiago and to dynamite public property should they be compelled to retire from city in event of bombardment and landing of troops by Cuban Government. You are instructed to so inform Government of Cuba.

LANSING

File No. 837.00/1105

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Habana, February 18, 1917, 11 p. m.

Delivered information and message to President. Said he had ordered two gunboats to Santiago. They would not attempt to enter. Purpose was to prevent escape by sea of deserting soldiers when they were attacked from land side. Expects to move against Santiago within two days. President believes Gomez may attempt to leave country through that port.

GONZALES

File No. 837.00/1109

AMERICAN LEGATION,

Habana, February 19, 1917, 5 p. m.

Consul at Santiago reports banks closed for period of eight days on order insurgents. U.S.S. *San Francisco* has arrived there and commander in close relations with Consul. First expression attitude of United States regarding revolutions has been published there. Conditions unchanged.

Such threats by insurgents as announced in [Department's] February 18, 8 p. m. are characteristic and deserves little consideration.

GONZALES

File No. 837.00/1112

AMERICAN LEGATION,

Habana, February 19, 1917, midnight.

Your February 18, 7 p. m. Publication of statement has produced marked impression. Cuban Secretary of State and the President have made feeling response. From my- viewpoint and understanding of conditions here the message leaves nothing to be desired in form, spirit or principle.

GONZALES

File No. 837.00/1116

AMERICAN LEGATION,

Habana, February 20, 1917, 11 p. m.

I sent your February 18, 7 p. m., in cipher to Consul at Santiago and open through Santiago to Consular Agents Guantanamo and Antilla. Open messages stopped by insurgent censor Santiago cable office. Endeavoring to convey purport of message to Consuls by wireless.

Insurgent leader Santiago probably told tenor of message by censor, for last night he cabled me lengthy statement of conciliatory nature. While claiming great military strength and daily conquest of new towns in Oriente Province, he asserts life and property are being protected and charges Government forces with destruction railway bridges. Last week he cabled me threat to execute prisoners if the President shot any soldiers. I warned him against barbarism and in cable he says:

"I shall ingenuously confess to you that my threat of reprisals was a simulated act of barbarism."

GONZALES

File No. 837.00/1115

Consul Griffith to the Secretary of State

[Telegrams]

AMERICAN CONSULATE,
Santiago, February 20, 1917.

Conditions growing worse. Many American refugees from interior. Several mills closed. Many protests and complaints among Bethlehem Steel, Cobre Copper, and Jobabo, Mirande, Palmarita, Palma, Soriano Mills. No communication; several bridges burned; food scarce; people excited; banks closed. Existing conditions prolonged endanger life and property. The *San Francisco* still here. In close touch with commander [omission].

GRIFFITH

File No. 837.00/1121

AMERICAN CONSULATE,
Santiago [undated, received February 22, 1917].

The below quoted despatch relative to the present condition here is forwarded to President Wilson on the request of the entire Chamber of Commerce of this city.

Honorable Pre-ident of the United States, Washington, D. C.

The military authorities that effected the *coup d'etat* on the twelfth instant and rule this capital, have maintained complete order, guaranteeing thus far lives and property. They endeavor also to reestablish the normal economic life but in order to accomplish this rapidly, without the complete ruin of the present crop, it is necessary in the judgment of the commercial and producer's classes to have diplomatic mediation of your Government. With this object in view, said commercial and producer's elements assembled to-day in the Chamber of Commerce of this city, unanimously resolved to solicit of you, as a good friend of Cuba, to interpose your good offices to obtain rapidly the desired end. If present conditions prevail immense damage and loss will surely be caused that can be easily avoided by your timely mediation. Santiago, February 20, 1917. BADELL, President; JOSÉ HALL, Secretary.

GRIFFITH

File No. 837.00/1128

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana. February 23, 1917. midnight.

Consul at Santiago reports newspapers refused to publish statement of attitude Government of the United States in present situation. He notified rebel officials and posted telegrams.

Military commander notified Royal Bank of Canada he will confiscate funds if necessary. Many persons have requested asylum at the Consulate. At Guantanamo City several persons protected by Consular Agent. No disorder there but banks closed, being unable to get funds. Consul at Santiago considers life and property guaranteed by war vessels only.

GONZALES

File No. 837.00/1121

The Secretary of State to Consul Griffith

[Telegram]

DEPARTMENT OF STATE,
Washington, February 23, 1917.

Your telegram forwarding statement of Chamber of Commerce of Santiago, addressed to President Wilson received. The President has instructed me to direct you to make the following statement in reply.

The Government of the United States has clearly defined its position in the present armed rebellion against the Constitutional Government of Cuba and it will attribute any disturbance of economic conditions or ruin of crops to the action of those in rebellion against the Government. Moreover, it cannot hold communication with leaders of this rebellion while they are under arms against the Constitutional Government. No other question except the reestablishment of order throughout the Republic through the return of those in rebellion to faithful allegiance to the Government can be considered under the existing conditions.

The Government of the United States, as has been made known to the people of Cuba, will support only constitutional methods for the settlement of disputes and will exert every means in its power as the friend of the Cuban Republic, to effect such settlement, but, until those persons who have revolted against the Government lay down their arms, declare allegiance to their Government and return to peaceful pursuits, the Government of the United States can take no further step.

LANSING

File No. 837.00/1133

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, February 25, 1917, 5 p. m.

British Minister today informed me his Consul at Santiago had asked protection British war vessel saying that insurgent commander had made demand on branch of Royal Bank of Canada to issue currency. Representative in Habana of National City Bank has asked for American marine guard for his bank in Santiago. British Minister said he left matter of protection in our hands. I do not know what orders naval commander in Santiago has but infer as Cuban forces were warned against attempting to enter that port he will undertake to prevent the destruction of foreign property or looting of city. I am cabling Consul at Santiago:

Take immediate precautions to safeguard these and other American and foreign interests, to this end consulting, if you think it necessary, commander American naval forces in harbor.

Government column that landed at Manzanillo yesterday reached Bayamo today on the way to Santiago and its approach is likely to cause more desperate acts on the part of insurgents. The time necessary to capture city by land with forces at Government's disposal most uncertain. Meantime only hope of protection of life and property there rests on United States force.

GONZALES

File No. 837.00/1186

AMERICAN LEGATION,
Habana, February 25, 1917, 7 p. m.

In two weeks of revolution Government forces have met with no reverse. Rebels hold no towns except where federal garrisons deserted at the outset and physical condition has made it impossible to reach. Loyalty of troops now with Government seems established. Total deserters not exceed seven hundred. Expected general uprising has not taken place. The army of Gomez estimated by his friends from four to fifteen thousand has not offered fight to even one battalion of federals except at Sancti Spiritus where insurgents were punished severely.

Nevertheless in Camaguey and Oriente Provinces general transportation remains paralyzed and second largest port is in the hands of rebels. Losses to all interests are great. The President is very optimistic. All business interests gloomy. In spite of the repeatedly declared position of Government of the United States revolutionary leaders are working now as on the first days of the revolt for American intervention. Then they expected United States to take charge of partial elections. Now they depend upon such intervention relieving them from punishment for illegal acts against the Government. How far will they go to force intervention? The prediction is general they will soon turn to wholesale destruction sugar cane and mills. If that is their purpose the Cuban Government cannot with forces at its command hold the towns, keep railroads open, and at the same time run down innumerable destructive bands hiding in woods and cane fields.

Whatever said to contrary I believe three or four revolutionary leaders control policy and men, Gomez having principal voice. Next week or ten days will probably reveal what policy will be. If it is destruction of property only quick action by the United States can prevent huge material losses. If that action takes form of giving physical aid to Cuban Government it can be exerted most readily by occupying ten or twelve ports and keeping open Cuba Railway, an American corporation. This alone would offer security to hundreds of American estates. If such support is given, the earlier it comes after need is determined, the greater its moral influence, and the greater its utility in releasing Cuban troops to suppress bandits.

My own view is that Gomez, failing in force, is as likely to fly from the country as resort to destruction. But in that view I stand practically alone.

GONZALES

File No. 837.00/1141

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,

Santiago [undated; received February 26, 1917].

Cuban gunboat *Cuba* now outside blockading harbor entrance.

GRIFFITH

File No. 837.00/1142

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, February 26, 1917, midnight.

Important developments military today were occupation of Camaguey City at noon by Colonel Pujol; reestablishment there of civil government; advance of Pujol toward Nuevitas, the only port in that province held by rebels, and decisive defeat of a strong rebel force supposed to have been commanded by Gomez and Colonel Collazo near southern coast on boundary line between Camaguey and Santa Clara Province.

Great delay in receipt of arms from the United States Government seems to be hampering the President in pushing campaign.

GONZALES

File No. 837.00/1148

AMERICAN LEGATION,
Habana, February 27, 1917, 11 a. m.

Delayed radio from Guantanamo Naval Station just received says expected to land two hundred men midnight Sunday in Guantanamo town, as systematic destruction cane had commenced and disorder and danger to life threatened.

GONZALES

File No. 837.88/1150

AMERICAN LEGATION,
Habana, February 27, 1917, noon.

Colonel Betancourt, advancing from Manzanillo toward Santiago had severe fight yesterday afternoon at Bayamo where little loyal force was being besieged by insurgents with two troops disloyal cavalry from Santiago. Federal forces after two hours defeated insurgents who retreated by railroad toward Santiago. Three federal wounded.

GONZALES

File No. 837.00/1149

AMERICAN LEGATION,
Habana, February 27, 1917, 5 p. m.

Following my instructions February 25 to Consul at Santiago to protect banks and other foreign interests calling on commander of naval forces in harbor if necessary, he cabled yesterday no illegal demands made on banks. Today Royal Bank of Canada cables British Minister here he had delivered Government funds in his possession to insurgents. Amount supposed to be three hundred and fifty thousand dollars. British Minister alleges money delivered under compulsion. He says that forced bond issue or war tax levy threatened.

Report to British Minister also said efforts being made obtain permission for renewing grinding in sugar mills but insurgents will permit renewal only on request from Government of the United States made through Consul.

As Cuban armed forces were warned by us against entering harbor I believe United States should land forces enough to give security against either violence or coercion by insurgents. Also believe peremptory order given to rebel leader by American commander supported by five hundred men that he do not permit destruction of foreign property in territory within jurisdiction would have immediate good effect.

GONZALES

File No. 837.00/1151

AMERICAN LEGATION,
Habana, February 27, 1917, 11 p.m.

Wireless reports from number of naval vessels indicate most unsatisfactory conditions in Cuba yesterday existed in immediate vicinity Guantanamo where 220 marines landed. Landing of two companies marines from U. S. S. *Connecticut* also reported but place not stated. May be at San Francisco about thirty miles west of Manzanillo.

No late military developments.

GONZALES

File No. 837.00/1156

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Santiago [undated; received February 28, 1917.]

As result of a general meeting held by the owners and managers of 25 sugarmills the following letter with 25 signatures has been addressed to me with a request that same be forwarded:

The undersigned managers and owners of 25 sugar plantations and cane colonies in this province, do solemnly declare that since the 12th day of this month, all their estates are under the absolute control of the military forces which pronounced themselves opposed against General Menocal's Government and which operate under the orders of Commandant Rigoberto Fernandez under whose custody and care and not under General Menocal's forces the said estates have been working and executing in a normal manner all their grinding operations. That on the 24th of this month all this sort of work was stopped by the orders of the above said Commandant Fernandez and having gone out to him as the sole authority in control of this zone with the request that he cancel his order above referred to. The said Commandant stated that he issued that order in order to prove that the statement made by General Menocal before the United States Government to the effect that the sugar crop is being made in the usual way under control and custody of his forces is not true and the Commandant further stated that as soon as the American Government so suggests it, he will allow and take care of the sugar crop of our estates. In view therefore, that the Government of the United States can by a simple utterance avoid the enormous injury which the stoppage of the crop causes, we pray you to forward this declaration of our wants to the Honorable President of the United States and earnestly beg that he apply whatever remedy he may deem convenient.

GRIFFITH

File No. 887.00/1173

Minister Gonzales to the Secretary of State

No. 422

AMERICAN LEGATION,

Habana, February 28, 1917.

SIR: I have the honor to enclose a translation of a letter addressed to me by General José Miguel Gómez, President of the Liberal Directory and General Commanding the Constitutional Army, which refers to the first declaration made by the Department as to the attitude of the United States towards the revolutionists as contained in the Department's telegram of February 13, 5 p. m. The other note to which he refers is the one addressed by me to the Foreign Office pursuant to instructions contained in the Department's telegram of February 10, 7 p. m.

Several days ago the British Minister called considerably agitated and said he had received by a special messenger from Jatibonico this letter, sent to him by a British subject at that point for delivery to me. Mr. Leech was apprehensive that the Cuban Government would suppose that he was having some communication with the rebels, and was in doubt as to what to do with the note. I suggested that he enclose it in a note of explanation to the Foreign Office for such disposition as they chose. This he did, and the letter was delivered to me by the Subsecretary of State that evening.

I have [etc.]

WILLIAM E. GONZALES

[Inclosure—Translation]

*The President of the Directory and General Commanding the Constitutional Army
of Cuba to Minister Gonzales*

[Undated.]

HONORABLE SIR: The circular telegram of the Department of Communications at Habana, dated the 14th instant, containing the text of your latest note relative to the political problems of Cuba, has come to my knowledge through a local Sancti Spiritus newspaper of the 16th. I also have knowledge through the same medium of the text of the first note upon the same subject sent by you and the answer thereto made by the constituted Government of Cuba.

In my quality of President of the Liberal Directory and Supreme Head of the present armed movement, I hasten to communicate to you the true and only end which is sought.

It is in no wise intended to overthrow the constituted government and set up a revolutionary government: there is nothing further removed from our thoughts. We demand only of the Government which functions in Cuba that it respect constitutional rights and, consequently, permit the holding of the partial elections³ in such a manner that they shall inspire confidence and be guaranteed against any attempt at official fraud or abuse of power. To accomplish this the party through its directory has exhausted every effort, proposing an infinite number of solutions of a harmonious character. None of them was even taken into consideration, but on the contrary, as a matter of public knowledge, preparations for fraud and the use of force were in the last few days augmented to an inconceivable limit.

I, in my official character, am in accord with the contents of your Government's first note, which bears out the noble friendship which you and the great American nation have for us, but I cannot accept as true the answer given by the Government of Cuba. On the contrary, it is false and the most superficial investigation would prove this beyond any question.

³ By-elections to have been held in several precincts in Santa Clara and Oriente provinces.

I wish to conclude with the assurance to you that any formula which shall guarantee free exercise of suffrage in the partial elections, without force or threats or frauds officially organized, will be accepted by us and will put an end to this political condition, in which we do not seek to overthrow governments and aspire only to preserve the rights and the freedom obtained with the blood of our heroes and consecrated in our Constitution, preferring otherwise to forfeit our well-being, our lives and our race.

I enclose a copy of the proclamation issued by me to the people and the army.¹ As you will observe, its contents embody the foregoing sentiments.

It affords me pleasure to proffer you the assurance of my most distinguished consideration.

José M. GÓMEZ

File No. 837.00/1121

The Secretary of State to Minister Gonzales

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, March 1, 1917.

For your information. The following was sent to the American Consul at Santiago on February 23, in response to a statement forwarded by him from the Chamber of Commerce of Santiago, addressed to President Wilson. [Here follows Department's telegram of February 23, 1917, to the American Consul at Santiago.]

LANSING

File No. 837.00/1165a

The Secretary of State to Minister Gonzales

[Telegram—Paraphrase]

DEPARTMENT OF STATE,
Washington, March 1, 1917, 5 p. m.

The Department instructs him to present Department's telegram of March 1, 1917, to President Menocal and to emphasize the statement that the Government of the United States will support only constitutional methods for the settlement of disputes and will exert every means in its power as a friend of the Cuban Republic to effect such settlement but until those in rebellion have laid down their arms, etc., the Government of the United States can take no further steps.

To say to President Menocal that no doubt remains as to the victory gained by the Constitutional Government over the rebels and as it is evident that the rebellion is crushed the United States wishes to extend its sincere congratulations to the constituted Government for this triumph. Also to state that as any further fighting would result only in needless loss of life and destruction of an immense amount of property of both Cuban and foreign owners, the United States counsels him in the most earnest manner to make clear to the people of Cuba and to the rest of the world his position as the patriotic advocate of constitutional methods for the settlement of electoral disputes and as the supporter of the mandates of the Supreme Court by immediately issuing a proclamation setting forth that coincident with the laying down of arms by the insurgents and

¹ Not printed.

return to their allegiance, elections will be called in Santa Clara and Oriente Provinces and an amnesty granted to those concerned in the revolt.

The Government of the United States as the sincere friend of the Cuban people desires to see a further triumph for the Constitutional Government in demonstrating to all that the only proper solution for difficulties such as the present occasion presents is through means provided by the laws of Cuba and in this case by the mandates of the Supreme Court, the highest judicial body in the Republic. It therefore offers its good offices to the Cuban Government to bring about this solution.

As this is matter of great urgency press for immediate compliance of the President with this Government's suggestion, pointing out that the destruction which has already occurred and that which is bound to result from guerrilla warfare ensuing after the dispersing of the larger bands of insurgent forces would probably force this Government to take such action as might destroy the moral effect of the Constitutional Government's successes.

To cable immediately result of conference with President Menocal.

File No. 837.00/1163

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 1, 1917, 11 p. m.

Destroyer *Cassin* entered Habana today. Commander reports arrival at Nuevitas Saturday; that afternoon rebels fired railway station and sugar warehouse. He went ashore, ordered rebels prevent fire spreading. This they did, saving town. He told revolutionary leader if further disorder he would land naval force. Reply was, that exactly what they wished. Rebel commander said his orders from Camaguey headquarters were to burn railway, cane fields. On Sunday rebel commander invited commander of *Cassin* to take charge of town as he would evacuate next morning. *Cassin* left Sunday afternoon. U. S. S. *Eagle* arrived at Nuevitas February 27 and now there.

GONZALES

File No. 837.00/1165a

The Secretary of State to Minister Gonzales

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, March 2, 1917, 4 p. m.

Department's March 1, 5 p. m. In view of conditions as reported by naval commander at Santiago, recommend that Cuban Government immediately raise blockade and instruct Cuban Consuls to resume issuance of clearances of Santiago.

Department is communicating with bankers in New York in regard to funds to relieve situation.

LANSING

File No. 837.00/1166

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 2, 1917, 6 p. m.

Department's March 1, 5 p. m. Instructions complied with 11 o'clock this morning. President has lost voice from severe cold. Promised written reply to-morrow morning but he said that amnesty to the rebelling officers would mean ruin of army as all self-respecting officers would resign. Seemed indifferent as to the elections. Would be willing to have General Crowder investigate and pass on whole election question.

I beg make the following statement; yesterday Ferrara cabled leader of Conservative Party in the House of Representatives practically same proposal for himself as made by revolutionists in Santiago.

Yesterday Gómez sent a message to commander of U. S. S. *Paducah* that unless arrangements made for reholding partial elections with fairness he would proceed with destruction of property. The revolution began five days before the partial elections.

Two weeks before the elections on inquiry from Zayas I offered to cable the Department any request he would make for supervision of elections. He made none.

Several days before the revolution General Emilio Nuñez, Secretary of Agriculture and Conservative Vice-Presidential candidate, having charge of party affairs in Santa Clara published a statement declaring liberals were raising false cry of contemplated coercion and frauds by the Government. He made a solemn promise of free ballot and safety of all who wished to vote, declaring Government's purpose solely to preserve order. On the same day President Menocal made to me similar declarations. But the liberal press continued publishing assertions that Government intended shooting liberals who attempted to vote. For weeks before the general elections in November press and rumor carried similar stories but after elections there was not one allegation of coercion by the army. The charge made after November elections by the liberals was that the courts would not decide justly on pending questions but the liberals were beneficiaries of the court's rulings. The courts I understand are open to appeal from results in partial elections.

The same leaders of the revolution of 1916 are the leaders of this revolution. They then succeeded in their object and suffered no punishment.

I assume recommendations by naval officers at Santiago are made without knowledge of intricate past political history or consideration of the future political effect nor of the almost certainty that officers of the army who turned against the Government deserted because promised high promotions for becoming traitors.

The revolution has failed. Outside of Santiago city rebels are reduced to condition of bandits. But they are destructive bandits. If Cuba is to live as self-governing, if revolutions destructive of life and property are to cease, there is one policy—the letter and spirit

of the Department's reply of February 23 to Chamber of Commerce of Santiago. That means unconditional submission. Anything like compromise would be acclaimed victory by revolutionists and another step away from stable government.

GONZALES

File No. 837.00/1156

The Secretary of State to Consul Griffith

[Telegram]

DEPARTMENT OF STATE,
Washington, March 3, 1917, 5 p. m.

Investigate and report as to actual conditions surrounding sugar estates Alto Cedro, Palma and Cupey in Guantanamo sugar zone.

Your undated telegram received February 28, 4.30 p. m. This Government is giving full consideration to letter of twenty-five owners sugar estates, and statement of conditions existing on the properties mentioned.

LANSING

File No. 837.00/1163

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 3, 1917, 6 p. m.

President Menocal handed me today a memorandum in Spanish and reply to my representations of yesterday carrying Department's instruction of March 1, 5 p. m. Following is a translation:

There are very serious objections to bases proposed by the leaders of the rebel troops in Santiago and they are not predicated upon any consideration of justice. The very healthy moral effect of the declaration of the Government of the United States in favor of the constituted Government of Cuba duly appreciated by me demands that the energetic and decided action now being developed with assurance of early and satisfactory outcome shall not be weakened by a pact which is not even justified by necessity.

The full amnesty which is sought for all those in arms granted, as it would have to be granted, by pact or parley and not by wholesale clemency while they are still in frank sedition and perpetrating all kinds of misdeeds would have a disastrous effect upon the morale of the army and upon public opinion. It must be borne in mind that this is not a revolution of the people but is almost wholly a military sedition of officers who have been disloyal to the Government and unfaithful to their oaths and have scandalously broken discipline by rising in arms against the lawful powers, imprisoning constituted authorities and in some cases burning judicial archives and appropriating public moneys.

Without setting aside considerations of clemency for the victims of suggestion or force, as already announced in proclamations published to that effect, it is obvious that only by the just and exemplary punishment of the principal perpetrators and instigators of such crimes could the future Government of Cuba be set upon a firm foundation and the integrity of her institutions preserved. Indiscriminate pardon granted in consequence of a pact in which they would appear in the position of imposing terms would not only crush the authority and moral force of the Government but would provoke deep discontent in the loyal forces. A large part of the officers of the army, wounded in their most cherished sentiments, would prefer to abandon the ranks than to have themselves confounded with or by rank subordinated to those who have conducted themselves in such a guilty and shameless manner. Call attention to fact that the rebels with whom naval officers conferred in Santiago can speak only for a small group and not for Gómez who is Commander in chief of constitutional army and head of revolution respectively.

The suggestions contained in the bases relative to decisions of the Supreme Court and to the special elections in Santa Clara and Oriente Provinces are inconsistent with the facts. All of the decisions of the Supreme Court in election matters have been strictly fulfilled and in accordance with those decisions the election proclamations of successful candidates in Pinar del Rio, Matanzas and Camaguey have been issued. The special election pending after those decisions were to have been held on the 14th and 20th of February. The former were held on the appointed date and the governor-elect has already taken office, Senators have been chosen by senatorial electors and the representatives in Congress have been proclaimed. The election in Oriente has been postponed on account of the revolutionary uprising in the capital of the province and, without the necessity for any pact therefor with the rebels, will be held in accordance with law as soon as the troops take the city which will not be more than a few days hence. All facts go to prove that the people have been indifferent to the incitement of the rebels. The rebels have failed in their hope to bring about a popular uprising and were it not for the seditious troops who are still out, the movement, lacking the support of public opinion, would be already wholly put down. The Government encounters, on the contrary, decided support in all the provinces as shown by number of volunteers hastening to enlist in defense of law and order.

I am quite sure that had the arms which we await from the United States been already received we would by this time have had the rebellion completely in hand. Everywhere the law prevails in the western provinces and has been reestablished in Santa Clara and Camaguey and in a great part of Oriente. The advance of the troops upon Santiago after the victorious action of Bayamo is progressing with all possible haste and success. I think I am entitled to reasonable time for completing this task of peace and justice.

That in the interval of the few days longer which the insurrection will at any rate last, some destruction of private property may occur at the hands of the rebels themselves and with the deliberate purpose already announced of forcing change in the policy of the United States should be no reason for such change, for property damages would not remain without compensation nor could they justify the resulting sacrifice of the supreme interests of maintenance of constitutional legality of discipline in the armed forces of justice.

I believe firmly that the only constitutional measure which can be adopted in this situation of violence and force encompassed by the sedition of a part of the army is to let the army itself carry out its duty and accomplish the end for which it was created by enforcing respect of authority and law, which it will be able to do soon if the authority and the prestige of the Government is not crushed by unjustified concessions.

GONZALES

File No. 837.00/1166

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 3, 1917, 9 p. m.

Your March 2, 6 p. m. Your cable represents President Menocal as being opposed to amnesty to rebelling officers and states that effect of such amnesty would be ruin of army as all self-respecting officers would resign.

Your cable is silent as to attitude of Menocal towards amnesty to others than officers. The immediate question is not amnesty but right of those in complicity with present insurrection to cast their votes in partial elections to be held under decree of Supreme Court. Obviously there can be no satisfactory partial elections held if electoral rights of voters in the precincts where such partial elections are denied to voters duly and properly registered therein. Ascertain views of President Menocal in this regard and as to other safeguards which should surround these partial elections which can be properly embodied in a proclamation re elections.

This Government believes that the most effective means which can be employed in bringing about a triumph of Constitutional Government in Cuba are those which have been suggested above.

LANSING

File No. 837.00/1167

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Habana, March 4, 1917, 5 p. m.

Department's March 3, 9 p. m. In my telegram of March 2, 6 p. m., was stated the President's reply would be submitted next day; it was cabled yesterday.

By proclamation of February 27 President granted amnesty to enlisted men who deserted under force of circumstances. Under this 110 enlisted men have returned to duty, one or two returning lieutenants have been pardoned, hundreds of civilians, including mayors of towns not charged with violence, have surrendered and been liberated. I believe amnesty intended for all civilians except pernicious leaders and flagrant criminals.

I definitely understood from the Department's addresses to the Cuban people sent through me and President Wilson's reply to Santiago Chamber of Commerce that the sole present question for the United States was fact of illegal rebellion against constituted Government of Cuba and that no other question could be entertained until the rebels submitted to Constitutional Government of Cuba. In Department's telegram, however, it is said that an immediate question is the

rights of those in complicity with present insurrection to cast their votes in the partial elections to be held under the decree of the Supreme Court.

Perhaps President Menocal's reply together with my despatch of March 3, 7 p. m. have already furnished further information concerning this issue, but I assure the Department the question is not as it understands. Nothing has been done against the decree of the Supreme Court. Nothing decreed by law to be done has been left undone except holding partial elections in Oriente. The capital of province where elections officials reside was cut off from access to district where the elections were to be held. The President has announced that he will have these held under proper safeguards as soon as conditions make it possible.

Partial elections have been held according to legal decree in Santa Clara Province. Whether they were properly conducted is a question open on appeal to Supreme Court as were scores of appeals taken from results of November election. Whether the United States Government will insist upon new elections being held is for the Department. My concern is only that whatever my Government does shall be right.

There has not come to me a single statement that voter was denied right to vote in Santa Clara or that force was employed. The liberals took up arms days before the election and few went to polls. It is practically a certainty that many ballots were cast in names of persons not present; that is here a common election fraud belonging to

the wrong system referred to in my telegram of March 3, 7 p. m. It is deplorable and the whole system needs a change. But the question from my sense of justice is whether the United States should insist upon purifying six precincts where the conservatives benefited from ballot box stuffing without considering the hundreds of precincts where similar or more gross frauds were practiced in the general elections and from which other party was probably greater beneficiary.

GONZALES

File No. 837.00/1170

AMERICAN LEGATION,
Habana, March 4, 1917. 11 p. m.

I am without definite information from the Department as to what naval authorities are authorized to do in making terms with rebels. Radio reports from San Francisco indicate clearly that general amnesty is taken for granted and promises about elections authorized by native citizens.

My recommendation of week ago was that intolerable condition in Santiago be remedied by the United States forces occupying town and controlling situation. Port could then be opened without danger of rebels getting ammunition or the customs duties and as United States prevented Cuban armed forces entering harbor to retake city it seems most logical act.

If given opportunity believe rebel officers in Santiago would surrender to United States naval commander and enlisted men would take advantage of amnesty already offered. The officers could rely on good offices of the United States to save them severe punishment. Rebel officers Santiago have already taken half million dollars or more Government funds.

GONZALES

File No. 837.00/1176½

AMERICAN LEGATION,
Habana, March 4, 1917, midnight.

Your March 2, 4 p. m. The President promises desired action opening of and issuing clearance to ships at earliest possible date consistent with military necessity. He does not wish munitions to reach rebels before he can get forces to city. Also desires to bar their escape and avoid further looting customs receipts.

GONZALES

File No. 837.00/1206

Minister Gonzales to Secretary of State

No. 423

AMERICAN LEGATION,
Habana, March 5, 1917.

SIR: I have the honor to enclose in translation copy of a communication from the Mayor of Cienfuegos to our Consul in that city, conveying by resolution of the city council a message of commendation to our Government for its attitude towards the insurrection, and referred to me by Mr. Bartleman.

I have [etc.]

WILLIAM E. GONZALES

[Inclosure—Translation]

The Mayor of Cienfuegos to Consul Bartleman

CIENFUEGOS, February 28, 1917.

SIR: The municipal council of this city, legally convened on this date for the purpose of seating the new councilmen and mayor returned in the elections recently held, said new members and mayor attending the meeting, unanimously adopted, at my instance and upon proposal of the president of the council, a resolution to convey to the President of the United States a message of admiration for his wise policy and of gratitude for the attitude of his Government in connection with the armed sedition which disturbs public order in our Republic.

And in compliance with said resolution, I have the honor to address this communication to you, begging you as the representative of the Government of the United States in our city, and in turn the Minister of your nation accredited to the Government of Cuba, to cause this message from our municipality to reach your Government.

I am [etc.]

SANTIAGO C. REY

File No. 837.00/1165a

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 6, 1917, 5 p. m.

Department's March 2, 4 p. m. In view of great necessity felt by sugar mills, mining companies and other enterprises for continuing operations and as these properties are dependent upon their coal and other supplies from the United States it would seem imperative that the Cuban Government allow vessels containing such supplies to pass through the blockade, it being understood that assurances would be given that such supplies were to be delivered directly to American interests and that they should in no way be transferred to any persons under arms against the Government of Cuba.

LANSING

File No. 837.00/1179

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, March 7, 1917, 10 p. m.

In view of President Menocal's statements contained in your March 2, 6 p. m. and March 3, 6 p. m., and statement in your March 4, 5 p. m. in regard to amnesty to enlisted men, issued February 27, you are instructed to impress upon President Menocal the importance of issuing a proclamation providing for constitutional elections in Oriente Province, after arms have been laid down and the rebels have returned to their allegiance.

This would uphold Constitutional Government and make clear the President's sincerity in having elections held according to constitutional means. It is also imperative that this matter be taken up immediately as a renewal of hostilities in Oriente would cause a disastrous situation.

LANSING

File No. 837.00/1183

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Habana, March 7, 1917, midnight.

Department's March 6, 5 p. m. Blockade raised on all coal shipments. Cuban Consuls notified to [issue] clearances.

GONZALES

File No. 837.00/1187

AMERICAN LEGATION,

Habana, March 8, 1917, 2 a. m.

General José Miguel Gómez, supported by Colonel Quinones, deserter from regular army, 400 deserting soldiers from the army and numerous other revolutionists, were disastrously defeated at Placetás, Santa Clara Province, noon today, by Government force of 2,000 infantry and cavalry under Colonels Collazo and Consuegra. Gómez, his entire staff, including his son and Colonel Quinones, with 200 others, made prisoners; 200 rebels killed. Government losses less than 20.

Several troops federal cavalry drawn from Pinar del Rio yesterday participated in battle after traveling 200 miles by rail.

Gómez forces were struck by simultaneous cavalry charges from the front and rear, machine guns effective; pursuit of the fragments being continued. Special train being organized midnight to bring more important prisoners to Havana. Gómez will be confined in special quarters state prison and will be under the disposition of civil authorities. Charges against him will include rebellion, destruction property and appropriation of Government funds.

Colonel Quinones and other deserting officers who are prisoners will be tried by military court. The military achievement by the federal troops which had been disposed and directed by telegraph and telephone by President Menocal for three weeks is striking but the fact that the chief conspirator was taken prisoner is testimonial to the humanity of the army and executive. With the chief instigator of destruction imprisoned and several thousand troops heretofore employed in hunting him released for other duty, security of property becomes much stronger. Except for activity of a revolutionary leader in New York, I see nothing to sustain even a destructive policy. Please furnish a copy of appropriate part of this despatch to the Chief of Staff of Army.

GONZALES

File No. 837.00/1195

AMERICAN LEGATION,

Habana, March 8, 1917, 10 p. m.

Department's March 7, 10 p. m. In a proclamation issued today addressed to the Cuban people, President describes revolution as broken by the capture of its chief promoter and leader, he exhorts all those who are still out in a lost cause to lay down arms which can at most serve only to prolong the suffering of the country and cause

further irreparable damage, and conveys the assurance that while he will treat with inflexible vigor those who are obstinate in further wounding the mother country he will have all possible indulgence for those who, sincere in their repentance, give themselves up to the just and proper course of the laws and the constitution.

This afternoon I spent more than two hours with the President and Secretary of State with reference to Santiago and Oriente Province. Immediate result was issuance of following proclamation for immediate publication under this date:

It having reached my knowledge that there exist or that an attempt is being made to spread erroneous ideas in regard to the special elections which were to have been held on the 20th of last February in the Province of Oriente and which were suspended by my decree number 237 of the 16th of February because City of Santiago, where, by provision of the law the provincial electoral board vested with the canvass of the returns of that province resides, was in the power of the rebels risen in arms against the Constitutional Government of the Republic, I hereby make known that within ten days after reestablishment of the said Constitutional Government in the aforesaid City of Santiago de Cuba the holding of said elections will be decreed in accordance with decisions of the Supreme Court or resolutions of the central electoral board or the provincial electoral board relating thereto with full guaranties for the free casting of ballots which the electoral law prescribes and in strict accord with the provisions thereof.

Under the law all persons not in prison who are registered at polling places may vote without regard to whether they have been insurgents and regardless of amnesty.

The President recognizes Garcia Muñoz as governor. Muñoz cabled request that the President appoint Rigoberto Fernandez military commander Oriente Province. Menocal considered suggestion that deserter from army who had overpowered and imprisoned superior officer, rebelled against legal government and seized state funds be made military commander while yet in revolt too preposterous to merit reply.

The President and Secretary of State concur that civil governor has authority under the law to receive surrender of rebelling officers whom he must hold in prison subject to courts and to accept surrender under terms amnesty proclamation of February 27 of all enlisted men who would of course return to army. The Governor is absolutely devoid of legal power to appoint military commander. Under Cuban laws provisional governor little more than salaried figurehead.

Naval commander's proclamation issued March 4 and indorsed by Consul, while ambiguous in form received by me, appears to support Fernandez as commander of Oriente before having surrendered as rebel; to warn other forces from entering province after Government troops already in province; and to clothe Fernandez with sole authority to suppress disorders of which his revolutionary companions solely guilty.

Yesterday rebels warned federal commander Betancourt, advancing toward Santiago, they would burn the President's personal estate, the Palma Soriano mills, if advance continued. Menocal ordered advance today. Rebels burned all cane—thirty-five million arrobas. Federal troops arrived in time to save mill.

I believe influence in Oriente against Government opposition of Commander Fernandez of Santa Clara and Commander Demola of Camaguey tremendously exaggerated through Ferrara in New York

and his agents in Santiago. These rebel officers lack influence in Oriente where there are no important civil rebel leaders. With Santiago in Government control there is not half the influence to sustain disturbance in that province that has been demonstrated in Santa Clara.

GONZALES

File No. 837.00/1194

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 9, 1917, 2 a. m.

Suggest that naval commander at Santiago have substance of President Menocal's proclamation of today posted in streets, then land battalion marines, and notify rebel commander he must submit to Government or go outside city to fight federal troops. This would relieve apprehension of bloodshed in city and there would probably be little outside.

GONZALES

File No. 837.00/1188

*The Secretary of State to Consul Griffith**

[Telegram]

DEPARTMENT OF STATE,
Washington, March 9, 1917, 5 p.m.

For your information the following cable was sent to Habana March 6, 5 p.m.:

Sugar mills, mining companies and other enterprises have great need to continue operations. As they are dependent on coal and other supplies from the United States it is imperative that Cuban Government allow all ships carrying such supplies to pass the blockade, it being understood that assurances will be given that such supplies are to be delivered directly to American interests and should in no way be transferred to any persons under arms against the Cuban Government.

The Legation replied to this cable, under date of March 7, midnight, as follows:

The blockade has been raised on all shipments of coal. Cuban Consuls have been notified to make clearances.

Department desires that you see that any such supplies as arrive are delivered directly to American interests and are not transferred to any persons under arms against the Government of Cuba.

LANSING

File No. 837.00/1173

The Secretary of State to Minister Gonzales

No. 302

DEPARTMENT OF STATE,
Washington, March 9, 1917.

SIR: The Department has received your No. 422 of the 28th ultimo in which you enclose a translation of a letter addressed to you by General José Miguel Gómez, styled President of the Liberal Directory and General Commanding the Constitutional Army.

* The same to the consular agent at Guantanamo.

It appears to the Department that you need not reply to General Gómez's letter.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 837.00/1204

The Cuban Government to the Cuban Minister

[Telegram. Left at the Department by the Cuban Minister, March 9, 1917]

HABANA, March 7, 1917.

You are instructed to inform the United States Government that there are no elections pending other than those of Oriente Province, inasmuch as the ones at Santa Clara were held on the 14th ultimo with the strict observance of all legal requirements and without any protests or appeals having been entered against them. Legally, therefore, the elections referred to are an accomplished fact, so much so that the governor-elect has already taken possession of his office. Any interference with that election would be contrary to the law and could not be accomplished legally, much less so if it is taken into consideration that the suppression of the definitive character of those elections in pursuance of the rebels' demands, would represent the upholding of their illegal pretentions.

File No. 837.00/1195

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,

Washington, March 10, 1917, 4 p. m.

Your March 7 (8?), 10 p. m. You are instructed to ask for an interview with President Menocal and to say that the situation in Cuba has been carefully considered by the President of the United States and the Secretary of State and that it is suggested that peaceful conditions may be sooner restored and further destruction of valuable property be prevented, if he should ask for an investigation and adjustment of the election question by General Crowder and other representative Americans, as was intimated by him to you; that this Government would be willing to lend its good offices to the Cuban people in this respect.

It is suggested that a proclamation, embodying this request should follow the proclamation of President Menocal which was contained in your cable of March 8, 10 p. m.

LANSING

File No. 837.00/1199

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,

Santiago [undated; received March 12, 1917, 2 p. m.]

Marines protecting city. The people excited but all quiet. Fighting between the Government forces and insurgents at San Luis and Dos Caminos en route Santiago de Cuba about eight leagues distant.

Cane fields burning and destruction continues. Roads leading into Santiago de Cuba full of people fleeing into city.

GRIFFITH

File No. 837.00/1210

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 12, 1917, 6 p. m.

Your March 11, 4 p. m.⁵ Consul and naval commander not agreed to conditions in City of Santiago.

No report except from Consul that city authorities retiring or panic conditions there. Naval commander will turn over city to the Cuban Government when latter brings there without fighting way in sufficient force to guarantee order. Expected this force 650 men will enter by sea Wednesday evening; after which reserves in the city will be organized.

Meantime Government forces around San Luis on advice of naval authorities are not advancing pending conference with Cuban Government officials and commander United States Ship *Montana* at Guantanamo from which latter hopes good results. Next forty-eight hours may indicate more clearly what to expect of rebels. If policy of destruction is to be pressed Cuban Government cannot protect foreign property. As suggested earlier, physical aid from United States, if given, can be best employed in guarding railroad trunk lines and the more central properties, leaving Cuban forces to protect outlying properties and pursue bandits.

GONZALES

File No. 837.00/1222b

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 14, 1917, 6 p. m.

The Navy Department has received the following message from the commander of the United States vessel stationed at Guantanamo which Colonel Jane desires to have forwarded to President Menocal:

After 24 hours have elapsed since requesting conference leaders now ask five days armistice to permit sufficient time for conference and answer from you. Await orders. Signed Colonel Jane.

The Navy Department states that the commander of the U. S. S. *Montana* believes that as it is essential before conference, armistice requested is important, and considers that by conference basis of settlement can be reached. He states that the situation at present is quiet but if no action is taken or if a battle takes place in that vicinity he considers it certain great damage will follow to foreign and American property, no matter with what result. He strongly recommends that this view be presented to President Menocal by you.

LANSING

⁵ See protection of American interests, p. 418.

File No. 837.00/1225

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Santiago [undated; received March 15, 1917, 7 p. m.]

Transport just landed about 600 Government troops, insufficient to protect city if the marines are withdrawn. Have told Commander Belknap it is advisable to defer landing until the arrival more troops, otherwise city will witness fighting and probably much destruction. Bitter feeling increases against Americans. Cuba President to save lives should grant some sort of armistice immediately.

GRIFFITH

File No. 837.00/1226

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, March 15, 1917, midnight.

President Menocal received from two representatives of Government in Santiago following cablegram tonight:

Interpreting your wishes and policy we today visited Mayor Comacho, liberal, who had taken refuge in Italian Consulate, assured him in your name he will be absolutely unmolested and respected in position as mayor. We asked him make our attitude plain to all liberals here, stating your Government opposed to all reprisals, and only desire prompt complete restoration public peace and tranquillity.

The President cabled reply as follows:

I applaud your conduct with respect to Mayor Comacho. Continue to employ these methods.

GONZALES

File No. 837.00/1224

AMERICAN LEGATION,
Habana, March 16, 1917, 1 a. m.

Government troops disembarked Santiago today. According to advices to the Cuban Government they were welcomed joyfully by townspeople but panic exists among rebels still in city, who seem to fear action of civil courts whose sittings had been suspended. It is proposed to organize 1,000 militia. Government forces and American marines appear to be still in city.

The President expresses confidence that rebels will not attack city, and that no difficulty be experienced in maintaining order.

GONZALES

File No. 837.00/1227

AMERICAN LEGATION,
Habana, March 16, 1917, 1 a. m.

Your March 14, 6 p. m. The President has answered *Montana* asking object of formal armistice. He has no information as to need for formal declaration, but states a practical armistice already exists, as he is making no advance toward Guantanamo.

GONZALES

File No. 837.00/1230

AMERICAN LEGATION,
Habana, March 16, 1917, 5 p. m.

Colonel Sanguily cables the President from Santiago that the complete regimental band with lieutenant, sergeant major, paymaster sergeant, and 40 other soldiers who were with rebels surrendered to him to-day. Other surrenders expected.

Reports having sent cavalry force reconnoiter four miles from city where governor and American Consul reported rebel force ready to attack city but found none. His patrol guarding one of the aqueducts supplying city had skirmish last [night]. Suffered two wounded.

President Menocal's explanation of the agitation in Santiago against occupation of city by Cuban forces is that such activity is influenced by numbers of prominent business men affiliated with rebels whose names were recently published in Santiago liberal paper as roll of honor. These men fear they will be thrown in jail. Said he had no intention of troubling liberals who were not criminals.

Five hundred federal infantry are moving to-day from Bayamo to San Luis. This gives additional security to Santiago from attack of rebels.

Mayor of Bayamo reports mills grinding at Manzanillo. Road to Bayamo open and numerous rebels presenting themselves. Railroad conditions in Camaguey improving but still bad. No complaint of cane fires for several days.

GONZALES

File No. 837.00/1234

AMERICAN LEGATION,
Habana, March 17, 1917, 1 p. m.

11.30 today communicated following via *Dixie* and also cable to U. S. S. *San Francisco*:

Commander *Montana*, Guantanamo. For the purpose of your holding a conference on board *Montana* with rebel leaders proposed by you in which you hope to reach terms consistent with Cuban President's proclamation, the President of Cuba agrees not to advance east of Alto Songo for a period of five days from 6 p. m. today. It being understood that the rebels do not attempt to advance west of that point. Immediately west of Alto Songo is already occupied by Government troops whose only purpose now is to protect property, establish and maintain order in Santiago and immediate vicinity. (My signature).

Had some difficulty in getting armistice.

Commander of *Montana* stated armistice desired so rebel leaders could leave troops for conference without fear attack while absent.

GONZALES

File No. 837.00/1240

AMERICAN LEGATION,
Habana, March 19, 1917, 4 p. m.

Received wireless this morning from naval commander at Guantanamo saying rebels declined to attend conference on war vessel because armistice granted for that purpose did not include whole province. I saw the President in regard to proposal. He said, and

I have transmitted reply, that new request is along lines policy of Ferrara to involve his country and the United States into entering pact with the rebels against which both declared opposition; that Government held every important point in province except Guantanamo; that threats of destruction were similar to those made when attempting to prevent federal troops landing at Santiago; that instead of attacking Santiago as threatened half of deserters from the army in reach of city had surrendered. He considered armistice over province would place Government at a disadvantage and did not consider extreme apprehension warranted. At the same time he expressed a wish that marines be landed at Daiquiri and other threatened points on the coast between Santiago and Guantanamo.

The President said that if naval commander is satisfied armistice agreed to would not be taken advantage of for conference he was ready to advance on Guantanamo.

I added personal belief that a vigorous declaration along lines made by Department weeks ago to the effect that rebels would be held strictly accountable for American life and property if now made to those declaring themselves prepared to become murderous and destructive bandits would have marked effect. To treat as belligerents men who will not fight but threaten to murder unarmed Americans would be a grave mistake.

GONZALES

File No. 837.00/1249

AMERICAN LEGATION,
Habana, March 21, 1917, 10 a. m.

At Arroyo Hondo, Camaguey Province, yesterday Colonel Pujol struck large band of rebels under General Caballero, former Governor of Province. Rebels left 27 dead, 67 horses, miscellaneous arms on the field; Government lost 2 wounded.

One detachment 50 men sent to relief of American colony La Gloria has returned to Camaguey, leaving 100 men there. This detachment struck several robbing bands in the hills in vicinity, killing 18. La Gloria is quiet.

Twenty-seven more deserting soldiers have surrendered Federal commander Santiago and 8 in Camaguey.

General Carlos Giras, member of Congress, and a general in the 1906 revolution, surrendered with few men in Pinar del Rio.

Rebel Colonel Eudalido de Faria with several other prominent revolutionists sought asylum on gunboat *Machias*, north coast of Oriente Province, and with approval of Federal Colonel Varona will be permitted to leave country on the first outgoing ship.

Wholesale surrender of leaders with armed men possible in Camaguey Province. Government representative at Guantanamo reports confidential message from commander 160 rural guards in that district. He is waiting opportunity join federal forces with men and has been endeavoring to prevent destruction property by followers of Rigoberto Fernandez.

GONZALES

File No. 837.00/1257

AMERICAN LEGATION,
Habana, March 22, 1917, 11 p. m.

Commander *Eagle* at Manati, Oriente Province, forwards petition of rebels that locality for supervision elections by the United States. Also petition from numbers Americans at Bartle and Galvi for protection. These consider imminent danger and say property being wantonly destroyed. They hear that next Sunday set for renewed attacks.

Manati Sugar Company wishes troops protect cane field and railroad bridges.

I have notified *Eagle* position of the Government of the United States as to elections and informed Cuban Government fear of American colonists.

GONZALES

File No. 837.00/1254

AMERICAN LEGATION,
Habana, March 23, 1917, 1 a. m.

Urgent. Persistent rumors of intervention by the United States in favor of and response to appeals from rebels circulating here today. This is intended, doubtless, to encourage continued opposition to Government at the time of most discouraging conditions of insurgents in the field.

I think this is the psychological moment for another unequivocal declaration by the Department along lines of earlier messages especially that of February 18, 7 p.m. It would probably result in a general and immediate collapse.

GONZALES

File No. 837.00/1254

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 23, 1917, 4 p. m.

Your March 23, 1 a. m. You are directed to hand the Cuban Government a copy of the following statement and say that you are authorized to make it public.

A copy of this cable has been sent to the commanding officer of the United States naval forces via Navy radio with direction to hand it to Consul at Santiago and to make it public in all parts of Cuba.

It has come to the attention of the Government of the United States that a report is current and persistent in Cuba that the United States in response to requests from leaders of those in revolt against the Constitutional Government is considering taking steps in their behalf. The Government of the United States is at a loss to understand how its attitude in the present situation in Cuba could be misunderstood.

In order to avoid any further misunderstanding with reference to the several statements made by the Government of the United States and published throughout the Republic of Cuba, which statements have defined the attitude of the Government of the United States in unequivocal terms, it is desired to reiterate essential points set forth in the above mentioned statements which are as follows:

1. The Constitutional Government of Cuba has been and is being supported by the Government of the United States in the endeavor to restore order throughout the Republic.

2. The Government of the United States, in emphasizing its condemnation of the reprehensible conduct of those in revolt against the Constitutional Government in attempting to settle by force of arms disputes for which adequate legal remedies are provided, desires to point out that until those in revolt recognize their obligations as citizens of Cuba, have laid aside their arms and returned to their allegiance to the Constitutional Government, the United States cannot hold communication with any of them and will be forced to regard them as outside the law and beyond its consideration.

LANSING

File No. 837.00/1270

Minister Gonzales to the Secretary of State

No. 423

AMERICAN LEGATION,
Habana, March 23, 1917.

SIR: I have the honor to transmit in duplicate a communication dated March 20 from the commanding officer of the U. S. S. *Eagle* to the Secretary of the Navy, via American Minister, Habana. Attached to the first copy are a memorandum signed by several rebel officers who conferred with an officer of the *Eagle* at Manati, and two petitions for protection from American residents of Bartle¹ and Galbis.¹

The commander of the *Eagle* states that he "feels certain that if the United States sees fit to act favorably" on the request of the rebels, as conveyed in this memorandum, for action by the United States which would in effect be a recognition of the justice of the rebellion and admission of the Government's defeat, "quiet and order will be quickly restored." But while apparently urging a course calculated to quell the immediate disorder, he does not seem to consider the effect which justification of the rebellion might have on the future peace of Cuba.

I have communicated to the Foreign Office the requests of the American citizens resident at Bartle and Galbis for protection.

I have [etc.]

WILLIAM E. GONZALES

[Inclosure]

Commander Hewitt to the Secretary of the Navy

U. S. S. "EAGLE,"
Manati, Cuba, March 20, 1917.

1. I forward herewith the declaration signed by the rebel leaders in this vicinity before Lieut. (j. g.) J. A. Lee, U. S. Navy, yesterday morning March 19.

2. I myself conferred with the above-mentioned leaders yesterday afternoon, and assured them that I would forward their declaration and do all in my power to assist in reaching an agreement. I published to them the recent proclamation of General Menocal.

3. They are convinced that coercion was being used in this province before the election due Feb. 20. It is reported to me reliably by foreign residents that rurales started such a reign of terror here, beginning about Feb. 1, that many men were afraid to go to the polls. The leaders assured me most solemnly that they would stand by the result of any election the fairness of which was guaranteed by the U. S., and that supervision by the United States was the only means of obtaining such an election.

¹ Not printed.

4. I asked them if they wished a general reelection, or merely one in the contested districts. They replied that they wished only an election in the districts of Las Tunas and Las Villas.

5. They beg the U. S. to intervene in the interests of justice and are determined to force an intervention by any means in their power. They are now respecting life and property but, if the U. S. does not intervene, they state they intend to start a wholesale campaign of destruction, and, if that does not avail, they may even go so far as to threaten the lives of Americans. I explained to them the gravity of such a course, and told them most decidedly that the leaders committing, or allowing such acts, would be held personally responsible. Also that a campaign of destruction would impoverish their own country. They replied that they understood that perfectly, but that they were willing to go to any lengths to obtain a justly elected Government.

6. They disclaimed responsibility for lawless acts committed in this vicinity and assured me that, while awaiting a reply from my Government, they would do their utmost to protect American interests. I feel certain that if the U. S. sees fit to act favorably on their request, quiet and order will quickly be restored. Otherwise I fear much more property will be destroyed and the safety of unprotected Americans greatly endangered. The situation of the women is particularly bad, since the men have practically no firearms, and they are absolutely unprotected from the insults and assaults of roving bands of lawless, and frequently drunken, negroes. They cannot get out, since travel is dangerous, and frequently impossible for them.

7. There are no Government troops in the vicinity except at the Chaparra mills, where report says that there are as many as 3,000. These are inactive and do nothing but guard the Chaparra property.

8. I forward herewith the appeal of the Americans in Bartle. I can do nothing but obtain assurances for their safety, which Gen. Mendieta has given. An officer has gone there today to investigate conditions. We may furnish an escort for any one desiring to come under our protection at Batey.

9. The manager of the Manati Sugar Company also appeals for more forces in order to protect his cane fields and railroad bridges. We can only assure the safety of the mill, and the people at Batey, as my force is too small for any extensive operations.

10. An early reply to the proposition of the rebel leaders is most desirable. The sending power of our radio is low, but any message sent broadcast from Key West, on the schedule for a ship with single operator, will probably be picked up.

11. A gentleman has just come in from Galbis with the enclosed letter which is self-explanatory.

H. K. HEWITT

[Subinclosure—Translation

Statement of Certain Rebel Officers

In the Dumañuecos Ward of the Township of Victoria de las Tunas on the 19th of March, 1917, the following gentlemen:

General José Irene Muñoz, General Blás Mendieta, Colonel José Grau y Agüero, Lieutenant Colonel Jorge Martínez Valdivia, Major Felipe Leyva, Major Manuel Olivet, Captain Ayudante Juan Carrio Garcia, aide to General Mendieta, and other officers, all belonging to the invading column of Camagüey, met and made it of record:

That they wish to make it known to the Government of the United States of America not under the head of military weakness but for the good of peace, wealth and prosperity in this beloved country of theirs, that they endorse the declarations that were recorded in the instruments drawn up in the city of Santiago de Cuba in the presence of the Admiral of the American Squadron, Mr. Mayo, and also that of Camagüey and that of Santa Cruz del Sur, Province of Camagüey, on March 6 of the current year, adding that all their aspirations are condensed in the following declarations:

Obtain from the Government of the United States of America that elections will be held in Cuba under the supervision of that country, in which elections the people of Cuba will be allowed freely to cast their votes within the most narrow legality and this being accepted by the Government of the United States obtain under the guaranty of that nation a total amnesty for every leader, private and countryman that may have risen under arms, guaranteeing at the same

time the free use of the property of all without their being confiscated or burdened under any head. The foregoing once achieved the forces that have risen against the Government of Menocal will lay down their arms and be the first to guarantee the restoration of order and will abide by the returns whatever they may be even that of legally continuing in power President Menocal, for all their cravings may be summed up in a vehement desire to have justice and legality prevail in this country whose Constitution has been invaded by the Government of Menocal, to which all the present events may be traced.

And in order to make it of record they sign the present instrument in the presence of J. A. Lee, Lieutenant of the American Navy, whose ship is anchored in the port of Manatí.

JOSÉ IRENE MUÑOZ
FELIPE LEYVA
MANUEL OLIVET

BLAS MENDIETA
JOSÉ GRAU Y AGÜERO
[Illegible.]

File No. 837.00/1264

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 25, 1917, noon.

Near Cienfuegos today Collado, revolutionary leader, with 9 men taken prisoners. Also Colonel Carlos Roca. This is only band known to be operating in that section.

Among 20 others to surrender in Camaguey and Santa Clara Province were deserters from army.

GONZALES

File No. 837.00/1294b

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 27, 1917, 7 p. m.

Commander *Prairie* reports food shortage in Guantanamo City becoming serious and considers that the reinstatement of federal customs and postal officials and the opening of the port an immediate necessity. He also stated that in the absence of instructions to the contrary the federal officials will be reinstated and protected.

You will take this up with the Cuban Government and report.

LANSEING

File No. 837.00/1272

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 28, 1917, 11 p. m.

Your March 27, 7 p. m. As Cuban forces occupied Guantanamo and its port of Caimanero yesterday, it is assumed that Government officers have been established in offices and rebels desiring have surrendered. The port is open. The President is sending ship with supplies for poor people of Guantanamo.

GONZALES

File No. 837.00/1283

Minister Gonzales to the Secretary of State

No. 433

AMERICAN LEGATION,
Habana, March 29, 1917.

SIR: I have the honor to enclose herewith in translation a copy of President Menocal's manifesto to the people of Cuba, dated March 26, 1917.

I have [etc.]

WILLIAM E. GONZALES

[Inclosure—Translation]

President Menocal's Manifesto of March 26, 1917

To the People of Cuba: I consider it one of my first duties in the political crisis which fortunately is approaching its end by the complete triumph of law and justice, to state directly to the country the true character of the revolution as it becomes more and more pronounced by the dastardly acts of the leaders and their instruments, and the purposes which guide me in my firm determination to combat rebellion until it is crushed.

I shall not be dissuaded from doing this because such a statement may now seem unnecessary or superfluous; nor because of the daily diminishing number of rebels in arms against the lawful Government of the nation; nor because of the fact, which for the honor of Cuba is daily becoming more patent, that the great majority of those who have responded to the artful incitement of the self-seeking instigators of the uprising with abominable acts of rapine and barbarous destruction of private property are of the most ignorant, lawless and depraved classes of our people; nor because of the series of victories achieved by our brave army, which have brought into relief the weakness of the much-vaunted rebel forces; nor even because of the failure of the campaign of false news, organized perseveringly and unscrupulously, out of Habana, Santiago de Cuba and New York, for the purpose of leading public opinion astray in our own country, in the United States, and elsewhere.

No one can have forgotten among those who have followed the course of events during the four months preceding the elections of November 1, that there hung over the country a veiled though persistent menace of revolution by the enemies of the Government. Through this menace it was attempted to coerce all those who recalled with horror the outrages, disorders and destruction of property which had characterized former disturbances, instigated and directed by the same politicians. Then began likewise the iniquitous task of undermining the discipline and loyalty of the army, which should be always sacred to all parties, to corrupt men bound by all ties of honor and duty to uphold law and order and defend the Constitutional Government of the Republic.

In September and October last year these same politicians spread the rumor that the Government was going to use the public forces at the polls for the purpose of assuring its victory. The elections were held, and the injustice and malevolence of these calumnies was bared to the sight of all, for no charge or complaint was made of the use of force by the authorities as against the rights of any elector. On the contrary, forty-two Conservatives addicted to the Government had been killed in bloody encounters, while none of their adversaries met that fate. The very persons who had attributed to the Government such designs against freedom of the suffrage explicitly admitted the perfect legality and admirable order with which the elections had been held throughout the Republic. Not having obtained the victory which, at all costs and by whatever lawful or unlawful means, they sought to impose upon the country, the conspirators persistently and loudly made the most impassioned charges concerning the elections as held in certain precincts, insinuating that their protests would not be heard by the courts, whose integrity they challenged, endeavoring to poison the public mind with malevolent conjectures of the pressure which, as they alleged, the Government proposed to bring to bear upon the courts, and threatening revolution if the courts decided against their claims. But the decisions of the courts were favorable to them. They could allege nothing further against the force and efficiency of the remedies provided by law. They straightaway plunged, with-

out consideration of any kind, into a campaign of spreading broadcast over the country, in the most violent and menacing terms, the bold imputation that the Government would prevent its adversaries from casting their ballots in the bye-elections which in accordance with provisions of the law were to be held in a few districts. And failing to intimidate the Government or to impose upon it by their threats pacts incompatible with its dignity and with the Constitution and laws, they plunged into revolution five days before the date set by the proper boards and courts for holding the first of said bye-elections; uprising in arms upon such a futile pretext notwithstanding that the courts which had previously decided contest after contest in their favor and with their applause, were the same courts which would have cognizance of proper appeals should the Government have been capable of adopting any measure contrary to the law or violating the rights of electors.

The Government of the United States has defined very exactly and very properly the conduct of the rebels in saying that they have attempted "to settle by force of arms disputes for which adequate legal remedies are provided." In proceeding thus these men have seriously impaired the prestige of Cuba and have attempted to bring into disrepute the capacity of our people for self-government.

Against such rash proceeding as this and against the acts which very soon revealed the extent and anarchical character of the conspiracy hatched against public repose and law and order, the most vigorous and severe measures would have been justified. The Government, nevertheless, while acting with all necessary energy, has acted within the law; and I have observed my purpose not to carry punitive measures to an extreme to the point of abstaining from the exercise of the exceptional powers vested in me, but the use of which I reserve for a necessary case.

No one deplores more bitterly than I this sanguinary struggle between brothers, nor more anxiously and fervently longs for the reestablishment of order and normal political life which shall afford equal safeguards to everyone in his rights and aspirations. I have never made any determined personal effort in a contest for political power. But I harbor the ambition, with an ardor which in no one is excelled, of securing peace based upon justice and the liberty which consecrates it. I am ambitious to see Cuba occupy firmly and permanently a place of honor, above those unfortunate countries, victims of disorders and revolution which are the derision and scorn of prosperous and cultured nations where the authority of the laws and the stability of governments are scrupulously respected. In opposing as I do, with resolution and firmness, to the rebellion and its excesses and outrages all the means which the Constitution has placed in my hands, I defend the very existence of the Republic and assure the necessary foundation for its future prosperity and grandeur.

For those high ends, in which the present and future of our country are bound together, acting in its name and for its good, I am entitled to the support of all loyal Cubans who love their country, without exception as to persons or parties. Citizenship demands that they work decisively, each in his own sphere, against the attempt to sacrifice the Republic for petty partisan considerations and personal ambition. No good citizen can deny his aid in putting down anarchy, in punishing a rebellion stained already with atrocious crimes and which employs by preference the arms of depredation and incendiarism. To let such outrage go unpunished would be permanently to renounce for the future solid and stable governments capable of affording adequate protection of life and property.

To all citizens without distinction I appeal for their cooperation in the reestablishment of peace—now, fortunately, near—and in the task of strengthening the roots of the Republic, for today and for all time.

President's Palace, in Habana, March 26, 1917.

M. G. MENOCAL

File No. 837.00/1277

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Habana, March 30, 1917, 11 a. m.

Rebel military forces Oriente Province crushed. Four o'clock this morning Colonel Varona at Guantanamo reports surrender to him

two and one-half troops cavalry, company infantry, machine gun section, pack train, 100 armed civilians, and all civilian leaders that part of the province, including Manduley, liberal governor-elect.

Surrender of soldiers fully armed represent almost all deserters. Civilians include prominent men from Santiago.

Thirty thousand rifle and twenty thousand machine gun cartridges captured.

From Santiago Secretary of Government reports additional fights with revolutionary forces from Songo. Twelve killed at one point, nine at another, and forty of their wounded brought into Dos Caminos yesterday. Others scattered. Majors Rigoberto, Fernandez and Mola believed fled to hills without men.

Secretary of Government ordered hundred men work at repairing railroads.

GONZALES

File No. 837.00/1278

AMERICAN LEGATION,
Habana, March 30, 1917, midnight.

My March 30, 11 a. m. Surrender to Colonel Varona continued today and include entire number of soldiers and all but five officers of the army and rural guard that deserted in Oriente Province. Total military 580; 230 armed civilians and numerous unarmed also surrendered.

Commission from North Central part of province leaves Habana tonight with authority from the President to receive surrender of several revolutionary leaders that section. Prospect of early complete pacification Oriente excellent.

There are two strong rebel contingents remaining in Camaguey, one headed by deserting major from army, other by liberal candidate vice president.

GONZALES

File No. 837.00/1287a

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 31, 1917, 2 p. m.

In order that Legation may be kept informed as to conditions in the eastern end of Cuba as reported by naval officers, U. S. S. *Dixie* having left Habana and wireless communication being discontinued, the Department will send you daily a summary of conditions. These should be kept before Cuban Government for its information and action to protect American lives and property.

U. S. S. *Eagle* reports disorder increasing and colonos have gone to mills. Caballero forces moving toward Manatí. Election decreed by Government April 6, and troops to be sent few days before. Grave disorder feared will result. Foreigners are being robbed and maltreated. Unprotected women and children at Galbis, no means of getting away. More protection urgently needed.

LANSING

File No. 837.00/1286

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, April 4, 1917, 1 a. m.

Federal commander at Manatí this afternoon reported complete domination situation there. Communication by wire and rail improving.

GONZALES

File No. 837.00/1287

AMERICAN LEGATION,
Habana, April 4, 1917, 1 a. m.

Yesterday and to-day 155 rebels surrendered Guantanamo and Santiago, among them several of some importance. The fact that Fernandez and other rebel officers who fled to Haiti carried 140,000 dollars is reacting upon insurrection.

GONZALES

File No. 837.00/1294c

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, April 4, 1917, 5 p. m.

Navy Department informs Department that commander U. S. S. *Eagle* reports situation at Manatí much improved; that Fernandez has moved towards Nuevitas and his forces dispersed; that conditions for surrender have been requested by them, and that there is no need now for the U. S. S. *Birmingham*. He states also that reports that Government will hold elections April 9 conflicts with your message that elections are postponed.

U. S. S. *Machias* reports to Navy that commander Nipe Military Zone has informed him that sufficient federal troops have been supplied to protect place occupied by *Machias* landing party, which will be withdrawn when assurances are given that Americans are free from danger and that protection supplied is adequate.

LANSING

File No. 837.00/1295

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, April 6, 1917, midnight.

Your April 4, 5 p. m. On reestablishment order and Federal Government Santiago City provincial council for Oriente Province, which I understand has complete legal authority, ordered elections postponed from February twentieth to be held April ninth. These

partial elections cover four municipalities. Conservatives have already small majority in province as decreed by findings of Supreme Court and since that decision liberals have not contemplated carrying province. No interest in election is manifest here.

While I do not understand clearly what Commander of United States Ship *Eagle* wishes, if Cuban Government gives protection to voters and there is a free ballot to all belonging to districts regardless of affiliations as promised in proclamation those rebels turned bandits seem not to have any grievance.

GONZALES

File No. 837.00/1301

AMERICAN LEGATION,
Habana, April 9, 1917, 11 p. m.

General Delgado, a congressman, with four other important rebel chiefs, and 400 men surrendered to Government at Arroyo Blanco, Camaguey Province today. Some soldiers who deserted at Camaguey at inception revolt are among these men. Surrender regarded as most important by the Government.

GONZALES

File No. 837.00/1301

AMERICAN LEGATION,
Habana, April 16, 1917, 11 a. m.

General Guzman, member of Congress, prominent in 1906 revolution, political companion Ferrara, and active inciting present troubles, surrendered today. He took the field at outbreak of revolution, but lost all followers.

GONZALES

File No. 837.00/1311

AMERICAN LEGATION,
Habana, April 16, 1917, noon.

On both sides border between Camaguey and Oriente Provinces, 400 miles east of Habana, numerous leaderless bands, mostly negroes, operating, robbing country, stores and houses. Colonel Varona capable organizer and officer recently placed in command of that district with adequate forces and I hope for early suppression of bandits.

GONZALES

File No. 837.00/1313

AMERICAN LEGATION,
Habana, April 21, 1917.

General Gustavo Caballero, former governor of Camaguey, was seriously wounded and 150 of his followers taken prisoners by Colonel Pujol today. Caballero has been operating between Camaguey and Manatí in Oriente. In an encounter three days ago 40 of his men were killed.

GONZALES

File No. 837.00/1325a

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, April 25, 1917, 5 p. m.

American Consul Caimanera reports conditions at Santiago, Manzanilla and surrounding country to be deplorable; that conservative estimates indicate at least 6,000 well-armed revolutionists operating in Oriente Province with little hope the present strength of Government forces will be able to overcome them; that feeling against Americans is bitter and American property interests suffering. He adds there is immediate need for effective action.

LANSING

File No. 837.00/1330

Minister Gonzales to the Secretary of State

No. 444

AMERICAN LEGATION,
Habana, April 29, 1917.

SIR: I have the honor to enclose herewith copies of letters exchanged a month ago between Doctor Alfredo Zayas, liberal candidate for the presidency in the last elections, and myself. The first letter is from Dr. Zayas bearing date March 29; the reply is of the following day. Dr. Zayas made rejoinder on March 31, and my final letter was written April 2.

While Dr. Zayas immediately took advantage of the information as to his security from arrest contained in my letter of March 30, by coming out of hiding, he has not responded to my letter of April 2, or taken advantage of the opportunity therein given to explicitly state exactly what he wished to ask the Department. I considered it a proper precaution to require that he formulate his own questions and write them in his native language.

A month before the date of this correspondence a mutual friend came to me from Dr. Zayas and stating that he wished to visit me at the Legation, asked for a *salvo conducto* from the President.

Replying to my inquiry, President Menocal said Dr. Zayas was hiding from his own fears, but he would issue a formal safe conduct.

This he gave to me, the document being unlimited in time and embracing all Cuba.

When notified that I had the *salvo conducto* Dr. Zayas declined to receive it unless endorsed by me. I told him I would endorse it for the day of his visit to the Legation but as these guaranties from molestation were issued on the assumption that the holders would abstain from all acts against the Government or other illegalities, I could not for a moment consider extending my responsibility beyond the point indicated.

He did not take the *salvo conducto* and remained hidden for another month.

I have [etc.]

WILLIAM E. GONZALES

[Inclosure 1]

Mr. Alfredo Zayas to Minister Gonzales

HABANA, March 29, 1917.

SIR: From the beginning of the present revolution I have been out of all public act, in order to avoid any unjust accusation, or be put in prison without cause, as result of political antagonism, or excessive zeal, or erroneous information.

But I believe it will be convenient for the peace and order in the Republic, and for the exercise of legal actions, that I could act as president of the liberal party and candidate for the presidency, with my friends, that are, I am sure, disposed to take a line of conduct in accordance with me.

For that purpose, I need to be at home, and in different places of the city, and perhaps I will find convenient to go to Washington, in relation with the same matter; and I desire to obtain, by your personal intervention, the assurance that the Cuban Government, or its agents, shall not accuse me, and that I will be in liberty to go to Washington, considering it convenient.

I don't pay attention to the judiciary proceeding, because I am not responsible in any way.

So, I beg you to take in consideration this letter (in other case confidential) and be kind giving to me an answer, directed to my wife, 3a Morro st.

Believe me [etc.]

ALFREDO ZAYAS

[Inclosure 2]

*Minister Gonzales to Mr. Alfredo Zayas*AMERICAN LEGATION,
Habana, March 30, 1917.

MY DEAR SIR: Your letter of yesterday's date asking that I obtain for you guaranty from arrest so that in the interest of securing peace in Cuba you might visit and consult with leaders of the liberal party in Habana and then, if deemed convenient, proceed to Washington, was handed to me yesterday afternoon by your son.

I spoke with General Menocal upon this subject last night, and was assured by him, as he has assured me from the outbreak of the revolution, that you had no cause to fear arrest by the Government in Cuba. He does not consent, however, that you should leave Cuba at this time because he cannot observe where any activities by you in the United States could operate for peace.

At the last interview you had with me at the Legation in the early days of February, in response to your inquiry as to whether the United States would intervene I offered to transmit by cable to the Washington Government any statement you or the liberal party wished to make concerning the pending partial elections, including a request by you or that party for supervision of those elections by the United States. You said you would that evening consult with those in control of the party and would communicate the decision the following day. I heard nothing further on the subject. A few days later you left Habana for Santa Clara Province, where you remained until after the revolt began.

The Government of the United States has not known persons or parties in the distressing conflict in Cuba. But it has known the Constituted Government of Cuba, and it has known its established policy of condemnation of and opposition to revolutions against constitutional governments. The President of the United States publicly declared this policy years ago. It should have been known to every intelligent person not wilfully blind to my Government's attitude.

In my letter to Mr. Márquez Sterling, published in all the newspapers of this country early last December, was an appeal to the patriotism of Cubans; it also contained the trite declaration that civilization could rest only upon law; that the appeal to illegal force led to anarchy, and that "no existe problema que los cubanos no puedan solucionar por sí, y solucionar para su honor perdurable, si cada cual acuerda en su corazón: primero que nada, mi patria!"⁶

But in face of the declared and known position of the United States Government towards revolutions and of my efforts to avert a foredoomed revolution, the revolt against the Government took place before the partial elections were held.

⁶ Translation: "There is no problem the Cubans are unable to solve by themselves and solve it to their everlasting honor, if every one will decide in his own heart: My country first of all."

The United States Government has four times declared its position since this uprising occurred, three times through this Legation and once to the Chamber of Commerce of Santiago de Cuba. I hoped when the first declaration was made that patriotic Cubans would recognize the finality of that decision and actively exert themselves to prevent sacrifice of life, destruction of property and the breeding of the spirit of lawlessness and brigandage. At each subsequent declaration the same hope was entertained, but, as yet, in vain.

You now speak of going to Washington. Is there any question bearing on this matter that my Government has not answered? Is there any uncertainty as to the attitude of my Government on any point which could possibly hinder patriots in Cuba from working in Cuba for their country's interests? If there is, and you can not leave this country to appear in Washington, I again offer to present your question or to state your case by cable and obtain a reply.

If there is to be patriotic work for tranquillity manifestly it should begin while such efforts can have value—before all the men to die have been killed and all the property to be destroyed has been burned.

WILLIAM E. GONZALES

[Inclosure 3]

Mr Alfredo Zayas to Minister Gonzales

HABANA, March 31, 1917.

MY DEAR SIR: I am obliged for your attention answering my letter, dated 29 of the present month; and I remain knowing that the President, General Menocal, assure you, as he has assured before, that I don't have cause to fear arrest by the Government in Cuba.

I wish to submit to your consideration how delicate is my personal condition at the presents circumstances. I am the candidate opposite to Gen. Menocal, and convinced of having won the elections, so that I discusse, not his actual presidency, perfectly legal, but the future Government, that I don't judge under the same criterium, and in consequence my acts persecuting this second point of view, can not be interpreted as opposition to his permanence in functions in these moments.

I didn't give to you an answer about your offer to transmit by cable to Washington Government any statement or petition from me or from the Liberal party, including a request for supervision of the special elections, because I wanted to know personally the conditions existing in Santa Clara, after the assurances that General Menocal has given to you (and you told me) that those elections should be impartial and with guarantee for all.

I left Habana the 7th of February, in the evening, with the purpose of visiting the six electoral colleges, and assist to a meeting of the Provincial Convention the 10th, returning to Habana and calling on you the 11th, presenting a request to your Government for a counsel or advise to General Menocal, about the elections of the 14th, if I found it necessary.

The conditions in Santa Clara show me immediately that it would be impossible for the liberals the exercise of their right as voters. Myself, I was threatened by the soldiers not to pass in front of the house destined for the Electoral College in Guadalupe (municipality of Zulueta);—I saw numerous electors of Ranchuelo in Santa Clara and Camajuani, who have been compelled to leave their homes, afraid by the Rural Guards;—I was induced by my friends not to go to Yaguaramas, because they assure me that I would be killed;—the same was said by my friends in Purial;—and I talked with several electors of Pedro Barba that the public force has forced them to leave their homes and rural properties. However, I proposed in the meeting, and was approved by all, to appoint commissioners for each College, and to assist to the elections. I have then the purpose of returning to Habana and make without delay the said petition to you; but from the 9th and during the 10th, I received by telephone news of prisons effected and others expected in Habana, and the 10th I read in the journals, with great surprise, that the Liberal Directing Board was accused of rebellion. Then I resolve reaching the city not to appear in public, fearing to be accused and arrested, losing my activity completely.

Impossible was for me to give my answer about the matter treated in our interview, and I hope you will excuse me.

You ask me if there is any question bearing on the Cuban case that your Government has not answered, or any uncertainty as to his attitude in any point, and I will say that I find two questions of fundamental importance to be consulted.

I. The Government of Washington don't make any difference between the entety "Liberal Party" and the entety "Revolt," being this last composed by militars, and private citizens liberals and also conservatives, as the Generale Milanés, Padró y Garcia? When the Government of Washington declare that he never will treat with anybody while the rebels don't deposed their arms, he included in his refusal one or more representatives of the Liberal Party, desiring to treat with him about the matter?

II. The present Government of Cuba is legal and constitutional, and never we, liberals, have denied that, or pretended to interrupt its functions; but the next Government can be the result of illegal proceedings, and appear as one legal and constitutional, because the Liberal Party, considered (erroneously by your Government, and intentionally by interested here) as the same Revolt, or as a similar or complementary body, cannot do nothing in guard of its rights by causes easily conceived. If the Government of Washington has given his powerful support to the actual Government of Cuba, in consideration that it is legal and constitutional, must be a logical consequence of this policy that the support will cover a new Government that possibly will appear elected during the Revolt, voting in Santa Clara more names than electors were registered, and effecting a fantastic votation the 9th of April in Oriente, where nobody can go, or interfere in any way?

I call your attention upon these two points, and beg you, if you don't find inconvenient, to transmit them by cable to the Government of Washington, because I understand that my liberty is assure in Cuba, but not for sailing to Washington.

I am now according with my political friends a line of conduct with the purpose of restoring normality in the Legislative Power, as far as it will be in compatibility with the interests of our Party.

ALFREDO ZAYAS

[Inclosure 4]

Minister Gonzales to Mr. Alfredo Zayas

AMERICAN LEGATION,
Habana, April 2, 1917.

MY DEAR SIR: While believing that I understand the points you wish me to present to the Washington Government, made in your letter dated March 31 and received yesterday afternoon, I prefer that you present those questions exactly as you desire them transmitted, writing them in Spanish.

You are mistaken, however, when you assume that my Government has considered the liberal party as in revolt. It has considered simply the fact of a revolt against the legal Government of Cuba. The fact that the legal party has up to the present taken no steps to terminate the revolution; that it has neither through the party organization nor through the mouth of any leader publicly condemned a revolt evidenced chiefly in the ruthless destruction of property of American citizens; that the party's candidate for Vice President together with the ex-President of the Republic and president of the *directorio liberal* which conducted your campaign took up arms against the Government; that every proposal to cease destruction of property and lay down arms has been based on conditions concerning the elections—these facts render it mentally impossible to segregate the interests of your party from the interests of the revolutionists.

Nevertheless, my Government has taken no position against the liberal party, nor refused to discuss questions with representatives of that party not involved in the revolution. That is not the difficulty in which you find yourself. Your situation, as I see it, is that your political interests and those of the active revolutionists are so inextricably interwoven that even should you demonstrate having had no participation in or lent no encouragement to the revolution, there appears to be no proposal for the consideration of my Government that you could make in favor of yourself as a candidate that would not also be in favor of the revolutionists.

Please bear in mind that the United States Government is in no way responsible for the position in which you are placed. If, as I said before, there are leaders in your party outside the revolutionists who are opposed to the revolution, they have kept silent and permitted those in active revolt against what you concede

to be the legal Government of Cuba to appear as the party's spokesmen. The questions which should have been settled by the courts or by arbitration were not permitted by the revolutionists to reach the courts; and those who asked the United States to assume the rôle of arbitrator did so only after attempting to overthrow the legal Government, and then made their request with a rifle in one hand and a torch in the other. They have used the torch.

We both know that the revolution was long discussed. There was work done in the army against the loyalty of the troops for weeks or months before the revolution. Your information, as you told me more than two months ago, was that 75 per cent of the army would come to you in the event of revolution.

In view of these facts, your legal and logical mind will at once observe that the weakness of position occupied by those leaders of the liberal party not personally involved in the revolution, who would now have the United States interfere in their party's behalf, is due to no act of the United States Government. These leaders gave at least the consent of silence while the revolutionists acted as if in behalf of the party. They acquiesced at least to the extent of silence in those illegal acts of rebels condemned by the United States Government. They appeared, so far as the United States Government could observe, to stake their political success or defeat upon the success or failure of the revolution. And they did so with the knowledge of the deep opposition of the United States Government to such revolutions.

I sincerely trust that tranquillity will soon come to Cuba, but believe that if peace is to be hastened by the action of civilian counsellors, the problem will have to be approached from the patriotic rather than from the technical side.

WILLIAM E. GONZALES

File No. 837.00/1326

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, April 29, 1917, midnight.

Report from Consul at Caimanera (in your April 25, 5 p. m.) as well as later report received from naval station. As to large well-armed body rebels threatening Guantanamo City in direct conflict with telegraphic reports from military commanders to Cuban Government. With every sugar mill grinding and railroad operating in Manzanillo district and perfect order in Santiago, Government is at a loss to understand designation of conditions as deplorable. Strength of Government forces in Oriente is not known at Caimanera. Naval officers report changed attitude of rebels toward Americans. This is true but to attribute this to German influence is in my opinion erroneous. My information, including statement from President of Cuban Railroad and letters to British Minister, is that rebels Oriente confident during first six or eight weeks revolution of friendly attitude American Navy. Latterly they alleged bad faith and word breaking. This logically accounts for change attitude toward Americans.

On statement to me by naval officer just from Santiago that only two mills in province grinding, I requested Government get detailed report by telegraph. They report by name 29 mills grinding, another to begin tomorrow. Three not grinding for lack of personnel; two not grinding account rain and bad roads; one all cane burned six weeks ago.

In the past week 800 reenforcements gone to Oriente. With improved conditions in Camaguey, four to eight hundred more will be sent from there this week but there are rumors of intention of rebels increase activity 20th May, Inauguration Day. Whether cred-

ence should be given this rumor is impossible to judge but if 1,000 marines can be spared from Haiti, as I am informed, it would be wise precaution to bring them to Guantanamo Naval Station where they would be quickly available for protection iron mines and railroads from mines to ports.

GONZALES

File No. 837.00/1327

Consul Wolcott to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Caimanera, May 1, 1917, 11 a. m.

Personal observation and information from reliable sources indicate Government forces cannot suppress the revolution in this province. Decided lack energetic activity Government troops. Destruction and pillage of American and other property daily occurrence. American forces insufficient in number. Strongly recommend superior force of American marines be sent here with authority pursue revolutionists until subjugated.

WOLCOTT

File No. 837.00/1336

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, May 7, 1917, 11 a. m.

Cuban Congress met this afternoon, counted the electoral vote, and proclaimed Menocal and Nuñez President and Vice President elected. Two-thirds of both houses were necessary for quorum. Efforts to break quorum abortive, five-sixths of membership attending. A protest signed by Zayas and nine members of House against elections in Oriente and Santa Clara was offered as a matter of form, but House refused to receive it. All members then joined in standing vote declaring election. No speeches or semblance of bad feeling.

Habana and Camaguey votes cast for Zayas, other four provinces for Menocal.

It had been freely predicted Congress would refuse to declare Menocal elected.

GONZALES

File No. 837.00/1339

AMERICAN LEGATION,
Habana, May 8, 1917, 1 p. m.

Referring to my cable of April 29, midnight, last paragraph. Believe the prompt reenforcement Guantanamo naval station with from 500 to 1,000 marines very desirable. I do not anticipate increased activity of rebels but their activities concentrated in Guantanamo valley and with marines to guard railroad and properties between Guantanamo and Santiago federal forces can move quickly bring rebels and bandits to terms.

President Lewis of Guantanamo and Western Railroad extending from naval station to point near Santiago today asked for protection. It can be readily given if marines are at station. Property on the lines of road incidentally can be furnished increased protection.

Additional forces may be employed without publicity and in such a manner as to be perfectly acceptable to Cuban Government.

GONZALES

File No. 837.00/1330

The Secretary of State to Minister Gonzales

No. 332

DEPARTMENT OF STATE,
Washington, May 9, 1917.

SIR: The Department has received your No. 444 of the 29th ultimo in which you enclose copies of letters exchanged between Dr. Alfredo Zayas, liberal candidate for the presidency in the last election, and yourself, and report your action in obtaining a safe conduct from President Menocal for Dr. Zayas. You state that Dr. Zayas declined to receive the safe conduct unless it was endorsed by you and that you advised him in reply that you would endorse it for the day of his visit to the Legation but not for a longer period. You add that Dr. Zayas then declined to use the safe conduct and remained hidden for another month.

Your despatch has been read with interest and your action in the matter is approved.

I am [etc.]

ROBERT LANSING

File No. 837.00/1327

The Secretary of State to Consul Wolcott

[Telegram]

DEPARTMENT OF STATE,
Washington, May 10, 1917, 5 p. m.

Your May 1, 11 a. m. Department is giving careful consideration contents your cablegram. Keep Legation at Habana informed as well as Department, of all changes of situation.

LANSING

File No. 837.001M52/25

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, May 10, 1917, 10 p. m.

Official announcement at Palace today of frustration last night of plot blow up President Menocal and American Minister. President had known of conspiracy for twenty days. A sergeant detailed in Palace permitted himself with the consent of the President to be bribed with two thousand dollars place dynamite bomb. Location stipulated for infernal machine was in closet directly beneath the President's desk and time set half past nine last night. Officials

infer that as American Minister has transacted business with the President at that desk almost every night for three months from nine to ten o'clock that he was included in the program.

Last night after several postponements the bomb was delivered to the supposed Palace conspirator. It weighed thirteen pounds, was expertly made, charged with dynamite and detonator and had ten minute fuse.

Of five men directly implicated four have been arrested. The President has notified Zayas and several liberal Congressmen believed to have had knowledge of the plot to remain in their homes and not receive visitors.

The President was warned yesterday by a Congressman who knew details of conspiracy.

GONZALES

File No. 837 00/1345

AMERICAN LEGATION,
Habana, May 10, 1917, 11 p. m.

Two so-called generals, a colonel, lieutenant-colonel, and 500 armed men, surrendered in the Holguin district of Oriente this morning. Five hundred Government reinforcements due in disturbed Guantanamo Santiago district May 12.

GONZALES

File No. 837.00/1336

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, May 10, 1917.

Your May 7. Convey to Cuban Government congratulations of this Government in view of proclamation by Cuban Congress of the election of President Menocal and Vice President Nuñez.

LANSING

File No. 837.00/1347a

The Secretary of State to the Secretary of War

DEPARTMENT OF STATE,
Washington, May 10, 1917.

SIR: I have the honor to inform you that this Department has been advised, through the American Consuls at Guantanamo and Santiago de Cuba, through American residents in Oriente Province, and by persons who have returned from that province within the past two weeks, that conditions are very unsatisfactory and that American properties, including mines and large sugar estates, have been threatened by revolutionists or by groups of marauding bandits.

It is felt that a continuance of these conditions might prove a serious menace to the safety of this country, and that should more sugar cane be destroyed and the shipment of the product of the mines be interfered with, a serious economic situation might develop in this country.

The National Council of Defense has stated to this Department that it considers that the production of sugar in Cuba is of the utmost importance to the United States and to the Allied Powers. It is believed that every possible step should be taken to safeguard the production of this commodity.

I therefore have the honor to request that you will be so good as to inform me whether it will be possible to despatch to Cuba in the near future, an adequate force from the United States Army to aid the Government of Cuba in the protection of the sugar properties and in restoring the Province of Oriente to peaceful conditions.

I have [etc.]

ROBERT LANSING

File No. 837.00/1326

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, May 11, 1917, 4 p. m.

Your April 29, midnight. Department has been given to understand by Navy Department that no further forces of marines are available for duty in Cuba. Does President consider that it would be a wise precaution to bring American troops to Guantanamo and does he request that this be done. If so this Government will give the matter its earnest consideration.

You will also give Department your views and those of the President as to the advisability of the issuance by this Government of a statement to be sent throughout Oriente Province to effect that as Cuba has now declared war against Germany and has aligned herself with the United States, the people of Cuba should set aside their political differences in face of international danger. That the United States will be forced to consider as its own enemies those persons in revolt against Constitutional Government, unless they immediately return to their allegiance.

LANSING

File No. 837.00/1348

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, May 13, 1917, noon.

Department's undated cable May 11 replying to mine April 29, midnight. Suggestion increase marine force Guantanamo made on statement by naval officer that 1,000 marines Haiti available, also in recognition numerous appeals from apparently frightened Americans for additional protection and on strength of representations of Consul at Caimanera and naval commander Guantanamo that American property on Guantanamo and Western Railroad exposed to destruction. From distance of 600 miles I am not warranted setting my judgment against these appeals. But President Menocal stated last night did not consider additional United States forces needed as

precaution. In view increased Government forces and activity that section with important surrenders past few days I consider such precaution much less important than appeared ten days ago.

Regarding second paragraph the President would, nevertheless, have suggested statement made. My opinion is that little politics in revolt Oriente and class of bandits not within reach of appeals to patriotism but that Department's statement would strengthen support of Government in cities and perhaps discourage conspirators in New York.

GONZALES

File No. 837 00/1351

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Santiago, May 14, 1917.

Am advised by colonel commanding that rebel generals Vidal, Gonzales and Lopez surrendered yesterday to Government forces with about 2,000 men. Most effective blow towards ending revolution this province.

GRIFFITH

File No. 837.001M52/25

The Secretary of State to Minister Gonzales

No. 336

DEPARTMENT OF STATE,
Washington, May 14, 1917.

SIR: The Department has received your telegram of May 10, 10 p. m., regarding the official announcement at the President's house of the frustration of a plot to blow up the President of Cuba and yourself.

The Department desires to offer you its sincere congratulations on your fortunate escape, and instructs you to convey the congratulations of the Government of the United States to President Menocal in view of his escape from assassination.

I am [etc.]

ROBERT LANSING

File No. 837.00/1350

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, May 14, 1917.

MY DEAR MR. SECRETARY: I have the honor to acknowledge the receipt of your letter with regard to the conditions in the Island of Cuba, which threaten serious injury to the sugar crop and consequent serious sugar shortage in this country.

The War Department is prepared to send a military expedition to the Island of Cuba of adequate size to deal with this situation and I would be pleased to be advised as to how large a force is deemed appropriate.

In this connection I beg leave to hand you herewith a copy of a statement made by General Marti, Chief of Staff of the Republic of Cuba, with regard to the situation in Oriente Province, based upon a telegram from President Menocal. It is General Marti's belief that the situation there is fully in hand and that no sort of assistance from the United States is necessary.

Awaiting the pleasure of your further information, I am [etc.]

NEWTON D. BAKER

[Inclosure]

Last week surrendered in Oriente 800 men with their leaders Ramirez Reyes, Rosello, Leon Guerrero, Leyte Vidal, Lorenzo Gonzalez, Juan Lopez and Manuel Bulart. New surrenders are expected any time.

We have in Oriente:

Government forces

	Regulars		Militia	
	Officers	Enlisted	Officers	Enlisted
1st District (Santiago)	38	2,204	96	3,391
9th District (Bayamo)	28	833	32	1,728
	66	3,037	128	5,119

Total:				
Officers				194
Enlisted				8,350
Machine guns				18

These forces garrison towns and important strategic places and operate in the field in detachments according to importance of rebel bands. These forces are gradually increased.

In re the revolution is completely under control, and any other information on the contrary is not true. You can state it so.

MENOCAL

The total of rebel forces in Oriente Province is about 1,400 to 1,500, of these only 500 armed. This information came also in the President's telegram.

JOSE MARTI,
Chief of Staff

File No. 837.00/1348

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, May 15, 1917, 3 p. m.

Your May 13, noon. War Department is prepared to send a military expedition to Cuba of a size adequate to take care of the situation. The Department regards the situation in connection with the production of sugar so necessary to the United States and the Allied Powers, as extremely serious. You are therefore instructed to present this matter again to General Menocal and to use your influence with him to induce him to agree to the sending to Guantanamo of a force of American troops in order to protect sugar production, which must not be interrupted.

These troops should be ostensibly sent to Guantanamo for purposes of training and could be in readiness to give protection to property and to enforce the proclamation of this Government.

In bringing this matter to President Menocal's attention you may say to him that this Government has every confidence in his ability to cope with the situation in Oriente Province, but that in view of the fact that so much depends upon a supply of sugar for the United States and for the Allies it desires to aid him in bringing peaceful conditions at the earliest moment to Cuba, and therefore it wants to cooperate with him.

You may also suggest to him that this action on the part of the United States would merely show the position which this Government has taken towards him and his Administration.

Report immediately by cable. Very urgent.

LANSING

File No. 837.00/1356a

DEPARTMENT OF STATE,
Washington, May 15, 1917, 4 p.m.

You are directed to hand the Cuban Government a copy of the following statement and say that you are authorized to make it public. A copy of this statement has been sent to the commanders of the American naval forces in Cuban waters, by navy radio, and you will communicate it to the American Consul at Santiago and to the other American Consuls and Consular Agents in Cuba and instruct them to make it public.

The declaration of war against the Imperial German Government, by the Government of Cuba, marking the entrance of Cuba, side by side with the United States of America into the conflict which is now being waged for the highest rights of humanity and in defense of principles of international law, has been received by the Government of the United States with feelings of deep appreciation and friendly pride.

Now that the Cuban and American peoples are even more closely bound together by lasting ties of common interest, the Government of the United States feels that it is incumbent upon it again to reiterate its many published statements concerning its attitude toward those Cubans who are under arms against the Constitutional Government and to add in emphatic terms that it considers that the time has now arrived when all internal political questions must be set aside in the face of the grave international danger.

In calling this to the attention of the people of Cuba, it is felt necessary to state that in the present war, in order to insure victory, Cuba, as well as the United States, has two great obligations, one military and the other economic. Therefore, as the Allied Powers and the United States must depend to a large extent upon the sugar production of Cuba, all disturbances which interfere with this production must be considered as hostile acts, and the United States Government is forced to issue this warning that unless all those under arms against the Government of Cuba return immediately to their allegiance it may become necessary for the United States to regard them as its enemies and to deal with them accordingly.

LANSING

File No. 837.00;1361

Consul Griffith to the Secretary of State

No. 236

AMERICAN CONSULATE,
Santiago, May 15, 1917.

SIR: Referring to my telegram of yesterday, I have the honor to advise the Department that Colonel Varona, in command of the military forces of this province, has officially confirmed the report of the surrender of the rebel generals, Leyte Vidal, Lorenzo Gonzalez and Juan Lopez, together with about 2,300 men.

This unexpected act on their part will have a most decided effect towards ending the revolution in this vicinity. In fact, the only two generals left of any reputation and operating in this section are Pitilli and Maso, both negroes. It is to be hoped that perhaps some conciliatory arrangements may be made with them also which may be instrumental in terminating the revolution and restoring normal conditions through this section without delay.

MERRILL GRIFFITH

File No. 837.00/1357

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, May 16, 1917, 11 p. m.

Your May 15, 3 p. m. On presenting matter to the President he stated that he would like Department to understand situation as to sugar. Because of rains all mills, except Chaparra, cease grinding normally between middle and end of May.

To-day's telegraphic reports show twenty-one mills, having output 4,145,000 bags, grinding. Ten mills having an output 960,000 bags temporarily stopped account of rain. No report from four mills having capacity of 305,000 sacks. One mill stopped permanently due to destruction cane. Not one mill is prevented from grinding by revolutionists.

Cuba Railroad manager reports that with completion one bridge tomorrow communication be reestablished between Camaguey and Antilla via Alto Cedro. Bridge between Alto Cedro and San Luis will be completed in two weeks opening communication with Santiago via Alto Cedro. On Southern branch communication be reestablished with Santiago end first week of June.

Guantanamo and Western Railroad runs daily trains between Guantanamo, Boqueron and Guantanamo and Los Ramos. Communication latter point and San Luis will not be established for ninety days due to lack of appropriate repair material.

It is only within last two weeks President says that he has been able to get sufficient forces into this section. Now he could send 2,000 additional men there but does not need them. On account of pacification elsewhere is disbanding part of the militia. He has now approximately 6,000 men in Eastern Oriente district and the capture of leaders with daily surrenders make him absolutely confident of quick disappearance of rebellion.

He would like Department to know the situation today before further consideration sending troops. Understands and appreciates fully spirit of offer and would not hesitate accept if any industry now appeared in need of protection which he could not furnish.

All telegraphic communication throughout Oriente reported reestablished and the President asks that any foreigners considering themselves or property in danger telegraph directly to him or to me with assurance of getting prompt consideration.

As stated in my May 13, noon, conditions in Oriente had improved. They are better today.

GONZALES

File No. 837.00/1357

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, May 18, 1917, 4 p. m.

Your May 16, 11 p. m. In view of unsettled conditions in Haiti commanding officer of the American forces in occupation has requested Navy Department to despatch to Haiti a further force of marines to reinforce his command. Navy Department informs this Department that only marine forces now available are those on duty in Cuba. Therefore Navy Department will withdraw these marines from Cuba to send them to Haiti, and Secretary of War has been requested to send to Guantanamo sufficient force to replace these marines and to remain in Guantanamo as reserve force for use wherever necessary. You will so inform President Menocal, explaining the reason for this action.

LANSING

File No. 837.00/1350

The Secretary of State to the Secretary of War

DEPARTMENT OF STATE,
Washington, May 18, 1917.

MY DEAR MR. SECRETARY: With reference to your letter of May 14, in which you state that the War Department is prepared to send a military expedition to the Island of Cuba, of adequate size to deal with the situation there, I have the honor to inform you that the Navy Department is in receipt of a telegram from General Cole, commanding the American forces of occupation in the Republic of Haiti, stating that in view of the unsettled conditions in that country, he is desirous of being reinforced, at the earliest possible moment, with a further body of marines.

The Navy Department has informed this Department that the only force of marines now available is that which is at the present time on duty in Cuba, guarding American property, and that it is desired to despatch this force of marines to Haiti at the earliest opportunity.

In view of the foregoing, and also of the necessity of replacing these marines with other American forces, it is requested that the War Department send immediately to the Island of Cuba a military expe-

dition composed of two regiments, in order that the marine forces may be relieved; that adequate protection may be given to American and other foreign property, and that should the Cuban Government so desire cooperation by the American forces may be extended to the Cuban Government troops, in order to bring about at the earliest possible moment the complete restoration of order in the provinces of Cuba affected by the revolt against the Constitutional Government.

I am [etc.]

ROBERT LANSING

File No. 837.001M52/28

The Cuban Minister to the Secretary of State

[Translation]

No. 60

CUBAN LEGATION,
Washington, May 21, 1917.

MR. SECRETARY: I have the honor to inform your excellency that on yesterday the 20th of May 1917, Messrs. Mario G. Menocal and Emilio Nuñez assumed the offices of President and Vice President of the Republic of Cuba to which they were respectively proclaimed by the National Congress to have been elected for the term of four years which will end on May 21, 1921.

I avail [etc.]

CARLOS MANUEL DE CÉSPEDES

File No. 837.60,1360

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana [undated; received May 23, 1917, 3 a. m.]

Reports from all over country show orderly celebration 20th May. Apprehension in Habana kept people indoors till afternoon when immense crowds joined in celebrating inauguration. No disorders or bad feelings. Today liberals of consequence called at Palace and congratulated President. No activity by insurgents or bandits anywhere today.

GONZALES

File No. 837.001M52/28

The Secretary of State to the Cuban Minister.

No. 152

DEPARTMENT OF STATE,
Washington, May 25, 1917.

SIR: I have the honor to acknowledge receipt of your note of the 21st instant, in which you advise the Department that on the 20th instant, Messrs. Mario G. Menocal and Emilio Nuñez, assumed the offices respectively of President and Vice President of the Republic of Cuba, to which they were proclaimed elected by the National Congress of Cuba for a term of four years, ending May 21st, 1921.

In reply I have the honor to ask that you will convey to your Government the congratulations of the Government of the United States, and to offer its best wishes to their Excellencies, Messrs. Menocal and Nuñez for the success of their administration.

Accept [etc.]

ROBERT LANSING

File No. 837.00/1376

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, June 3, 1917, 10 p. m.

Your June 2, 4 p. m. Having expressed himself as reported in my May 16, 11 p. m. replying to Department's offer May 15, 3 p. m. President said nothing to announcement in Department's May 18, 4 p. m. that troops would be sent to Guantanamo station except to repeat there would be no occasion call upon their services. He expected to relieve with regular troops all marines then guarding property. Conditions have improved daily since inauguration of the President and nothing to indicate Government needs assistance.

GONZALES

File No. 837.00/1386

Minister Gonzales to the Secretary of State

[Extract]

No. 459

AMERICAN LEGATION,
Habana, June 18, 1917.

SIR: With reference to the Department's circular instruction of May 28, 1917,¹ I have the honor to report as follows upon general conditions in Cuba:

1. The Cuban revolution, which has for seven months occupied the efforts of the Government, can now be considered entirely suppressed. Dr. Alfredo Zayas, the liberal candidate for the presidency has resigned as leader of the party and announces that he will return to the practice of the law. José Miguel Gómez, the active leader of the revolt, is still in prison awaiting trial. General Ernesto Asbert, former governor of Habana Province, who had been in jail for some time charged with rebellion against the Government, is now out on bail. He informs me that he opposed the revolution, that he will support President Menocal and aid in restoring good feeling among the Cubans. The troops under Colonels Varona and Pujol which have been operating in the eastern end of the island are said to have been recalled and are returning to Habana. Railroad communication has been reestablished with the exception of a short distance on the line of the Guantanamo and Western R. R. which is blocked on account of inability to rebuild bridges destroyed, for lack of material.

I have [etc.]

WILLIAM E. GONZALES

¹Not printed.

File No. 837.00/1394

The Acting Secretary of State to Minister Gonzales

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, July 12, 1917, 7 p. m.

Department's May 18, 4 p. m. Your May 16, 11 p. m. You will immediately request an interview with President Menocal and say to him that inasmuch as certain of its marine forces have been withdrawn by the Government of the United States from the Island of Cuba, for service in other places, it now contemplates sending of forces of the United States Army to replace these marines, but in view of relations now existing between the two countries, on account of their cooperation in the war against the Imperial German Government, it desires to take this action with his full understanding.

You will add that it is also considered to be of great importance to have these troops in Cuba at this time in case the United States forces in Haiti or Santo Domingo, or in any of the Caribbean possessions of the United States might need reinforcement, as well as for the purpose, of taking over the guarding of interests important for the prosecution of the war, upon which duty the marine forces are now engaged.

POLK

File No. 837.00/1395

Minister Gonzales to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Habana, July 14, 1917, 10 p. m.

Your July 12, 7 p. m. received midnight July 13. Saw President at his country place today and presented matter. He gives his cordial approval.

The President also authorized me to offer United States sites for training camps in other parts of Cuba if it should be considered desirable to send troops to train in mild winter climate.

GONZALES

File No. 837.001M52/29

The Cuban Minister to the Secretary of State

[Translation]

No. 90

LEGATION OF CUBA,
Washington, August 10, 1917.

MR. SECRETARY: I have the high honor to place in your excellency's hands, together with this note, the autograph letter written to His Excellency, Mr. Woodrow Wilson, President of the United States of America, by the President of Cuba, with the request that you kindly forward it to its high destination.

I also have the honor to enclose the usual office copy of the said autograph letter.

I renew [etc.]

CARLOS MANUEL DE CÉSPEDES

[Inclosure—Translation]

President Menocal to President Wilson

GREAT AND GOOD FRIEND: I have the honor to inform Your Excellency that as a result of the general elections that took place in the nation on the first of November last, I was proclaimed by the Senate and Chamber of Representatives assembled in Congress on the 7th day of the present month President of the Republic for the 1917-1921 term.

And having on this day taken the oath required by the Constitution to assume the exercise of the executive power, it affords me pleasure to assure Your Excellency that from the high post which I am called upon to hold by the vote of my fellow citizens, I shall invariably endeavor to have the friendly relations which happily exist between our two governments and countries grow more and more friendly.

I make sincere wishes for the prosperity of your nation and the personal happiness of Your Excellency of whom I am the Great and Good Friend.

Your Good Friend,

MARIO G. MENOCAL

PABLO DESVERNINE,
Secretary of State

Written at Habana, Palace of the Presidency, on the 20th of May, 1917.

File No. 837.001M52/29

The Secretary of State to the Cuban Minister

No. 167

DEPARTMENT OF STATE,
Washington, August 15, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 10th instant in which you enclose a letter, with office copy, addressed to the President by His Excellency the President of Cuba, announcing his election to the Presidency of that Republic and his assumption of his high office.

I have the honor to say in reply that I have laid President Menocal's letter before the President and that the latter's reply will shortly be transmitted through the American Minister at Habana.

Accept [etc.]

ROBERT LANSING

File No. 837.001M52/29

The Secretary of State to Minister Gonzales

No. 394

DEPARTMENT OF STATE,
Washington, September 6, 1917.

SIR: I enclose herewith, with office copy, a letter addressed by the President to His Excellency Mario G. Menocal, acknowledging the receipt of his letter of May 20 last in which he announced his assumption of the Presidency of the Republic of Cuba.

You will forward the copy to the Foreign Office and deliver the original in the manner most agreeable to His Excellency.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

[Inclosure]

President Wilson to President Menocal

THE WHITE HOUSE,
Washington, August 22, 1917.

GREAT AND GOOD FRIEND: I have received the letter of the 20th of May last, in which Your Excellency announced your assumption of the Presidency of the Republic of Cuba and your entrance upon the duties of the office.

I cordially reciprocate the sentiments you express for the continuance of the friendly relations which have heretofore existed between the United States and Cuba, and I assure Your Excellency of my best wishes for your personal welfare and for the prosperity of the Republic over which you have been called to preside.

WOODROW WILSON

PROTECTION OF AMERICAN INTERESTS

File No. 337.11/169½

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, February 19, 1917, 6 p. m.

Counsel for Central Fe near Caibarien informs Department that cane scales and loading station at San Lorenzo destroyed by fire and working of mill prevented.

Inform Cuban Government of these conditions and request that adequate protection be given to American interests at this point.

LANSING

File No. 337.11/173

The Secretary of State to Consul Griffith

[Telegram]

DEPARTMENT OF STATE,
Washington, February 19, 1917, 6 p. m.

Investigate and report upon present condition of Cuba Railroad and as to what extent traffic is interrupted in Oriente and Camaguey Provinces. Can coal be landed at Santiago, and if landed can railroad safely transport it into the interior?

What is condition of tracks and bridges on Bayamo line and on Alto Cedro-Santiago line?

Also report as to whether sugar mills are running in Oriente Province and as to safety of American employees.

LANSING

File No. 337.11/170

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, February 20, 1917, 10 p. m.

Your February 19, 6 p. m. Had already reported matter to Government. Conditions changed for better as reported to-day by representative of company.

GONZALES

File No. 337.11/185

AMERICAN LEGATION,
Habana, February 26, 1917, 1 p. m.

Officials of the Cuba Railway report thirty thousand tons coal and sugar warehouses in terminals at Nuevitas and Antilla. Destruction this coal would prevent operation cane hauling railroads for thirty mills. They are afraid rebels driven out Camaguey will use torch and believe presence of war vessels at those ports would save property.

GONZALES

File No. 337.11/217

The Secretary of Commerce to the Secretary of State

DEPARTMENT OF COMMERCE,
Washington, February 28, 1917.

SIR: We have received from The Cleveland Worsted Mills Company, Cleveland, Ohio, a letter stating that the company has at present outstanding accounts in Cuba amounting to many thousands of dollars and asking our advice as to the proper steps to take to protect its interests in the island. I understand that in an informal conference between officials of this Department and officials of the Department of State the point was made that an American firm whose property interests in Cuba were jeopardized by the disturbances there might appeal to the Cuban Government for protection of these interests, either through the American Minister or direct to the Government through its native agencies. It is also understood that while no one, of course, can predict the outcome of the present disturbances, it is believed that they have been localized and that the influence of the United States will probably operate to prevent their long continuance. We would be glad to have these points confirmed, or to be advised as to the information that may be given to the Cleveland concern to properly protect its interests in Cuba.

WILLIAM C. REDFIELD

File No. 337.11/203

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 1, 1917, 7 p. m.

Protection for the following properties, owned by Americans, is urged by those interested therein: Guantanamo and Western Railroad Company; Santa Cecilia Sugar Company; La Maya Valley Land and Improvement Company; Ermita Sugar Company; Confluente Sugar Company; Guantanamo City Land and Development Company, all located in Oriente Province.

You will request the Cuban Government to have these properties properly guarded.

LANSING

File No. 337.11/216

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 2, 1917, 9 p. m.

Department's March 1, 7 p. m. According to wireless from the Commander of U. S. S. *Eagle*, Central Senado, Camaguey Province, burned. Government information is that Santa Lucia, Oriente Province, and Por Fuerza, Matanzas Province, all right. Santa Maria, Oriente Province, is in rebel zone and no information procurable.

GONZALES

File No. 337.11/206

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, March 3, 1917, 7 p. m.

Francisco Sugar Company fear for safety of property sugar estate Francisco at Guayabal, Cuba, and lives of employees.

You will request of Cuban Government its proper protection of this plantation. Owners state that up to now absolutely no protection has been afforded by the Cuban authorities, horses and stores having been stolen by the insurgents.

LANSING

File No. 337.11/207

DEPARTMENT OF STATE,
Washington, March 3, 1917, 8 p. m.

Francisco Sugar Company report to Department the destruction by fire of enormous quantities of cane. They state that absolutely no protection has been given them and make urgent appeal for safety of American lives and property.

You are instructed to demand of the Cuban Government that immediate and adequate protection be given these and other American properties menaced by the insurgent forces.

Report fully to Department result of your efforts.

LANSING

File No. 337.11/227

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 5, 1917, 11 a. m.

Department's March 3, 8 p. m. This property is in rebel zone out of reach of Federal communication. Government promises protection after taking Santiago. February 26 U. S. S. *Pennsylvania* reported anding two companies marines to guard wharf and factory eleven

miles inland. No report of their withdrawal. My opinion that is three thousand soldiers could protect all of the mills in the disturbed provinces but fifty thousand could not prevent cane fires so long as insurgents are determined to destroy.

GONZALES

File No. 337.11/235

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 6, 1917, 3 p. m.

Department is informed that on February 18 Federal troops fired on the residence of W. W. Craib, at the Jatibonico plant of The Cuba Company, while there were sheltered there British and American women and children.

You will investigate and report fully by cable to the Department.
LANSING

File No. 337.11/217

The Secretary of State to the Secretary of Commerce

DEPARTMENT OF STATE,
Washington, March 7, 1917.

SIR: I have the honor to acknowledge the receipt of your communication of February 28, 1917, relative to the interests in Cuba of the Cleveland Worsted Mills Company, of Cleveland, and requesting information as to the protection of American property interests in Cuba during the present disturbances.

In reply I have the honor to inform you that the American Minister at Habana has been instructed to request the protection of the Cuban Government for such American properties as are reported to be in particularly dangerous locations, and also all other American interests affected by the present disturbance. Some of these properties are located in the rebel zone and are cut off from communication by the Federal Government, rendering it impossible to obtain any information concerning them at present. The sections affected by the revolt are in Oriente, Camaguey and Santa Clara Provinces, and to this extent the revolt is localized.

The State Department is cooperating with the Navy for the purpose of protecting in every possible way all American interests affected by the revolt, and so advised Mr. F. L. Roberts, Secretary of the Cleveland Chamber of Commerce, on March 1, 1917, in reply to his letter written the Department in the interests of the Cleveland Worsted Mills Company.

I believe nothing further can be added to the assurance contained in the Department's letter to Mr. Roberts.

I have [etc.]

ROBERT LANSING

File No. 337.11/248

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 9, 1917, noon.

Your March 6, 3 p. m. Secretary of State informally notifies me thorough investigation incident ordered by the President two weeks ago. Responsibility will be fixed and full report made as soon as possible. Meantime, Craib being a British subject, British Minister filed complaint, and Cuban Government expressed regret.

GONZALES

File No. 337.11/252

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, March 10, 1917, 3 p. m.

Guantanamo Sugar Company advise resumption of burning and destruction of property their estate which is isolated. They urgently appeal for instant protection for property and lives of employees.

You are instructed to urge upon Cuban Government the need for immediate and adequate guard for this property.

LANSING

File No 337.11/259

DEPARTMENT OF STATE,
Washington, March 11, 1917, 4 p. m.

Consul at Santiago reports by cable dated March 10 great destruction of cane fields, railroad bridges burned; state of anarchy in vicinity Santiago. American lives reported threatened. States city officials probably will resign and leave city without any government. Thinks marine force should be increased.

French Consul reports destruction French sugar mills and asks for protection from United States Government. Inform President Menocal of these conditions and cable immediately what steps he will take to afford protection to foreign property. Question of sending further American forces for protection lives and interests is being considered.

LANSING

File No 337.11/260

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, March 12, 1917, 11 a. m.

Last midnight succeeded in getting body fifty regulars to start from Nuevitas to La Gloria for the protection of isolated and apprehensive American colony.

GONZALES

File No 337.11/268

AMERICAN LEGATION,
Habana, March, 12, 1917, 7 p. m.

American administrator of Punta Alegra Sugar Mills, Camaguey, belong to Atkins, together with Lieutenant of Federal forces, went to meet rebel leader to receive his surrender. Neither have returned. Atkins says rebels [omission] as ransom. Have notified naval commander and Cuban Government has sent two detachments cavalry.

GONZALES

File No. 337.11/267

AMERICAN LEGATION,
Habana, March 13, 1917, 1 p. m.

Your March 11, 4 p. m. The only French mill property in that section is the Central Union owned by José Rousseau. It is not burned and was grinding today.

Colonel Betancourt, commanding considerable government forces at San Luis, reports quiet in that district.

GONZALES

File No. 337.11/287½

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, March 13, 1917, 6 p. m.

Your March 12, 11 p. m. [a. m.] You will ask General Menocal if he realizes the extent of destruction of American and other foreign property in Cuba, and inquire if he is in a position to give adequate protection to all foreign property to prevent further losses. You will impress upon him the utmost necessity for the earliest restoration of peaceful conditions throughout the island, and that the action of this Government is contingent upon his reply to these questions.

Your March 12, 6 p. m.⁷ Does suggestion contained in last sentence come from you or from Cuban Government? The Department has been given to understand that the landing of United States troops would tend to increase disorder and destruction of property and that action is against the wishes of the Government of Cuba. Report by cable.

LANSING

File No. 337.11/264

DEPARTMENT OF STATE,
Washington, March 13, 1917.

Francisco Sugar Company, 112 Wall Street, New York, states that cane burnt on their property represents loss of over 2,200,000 dollars. They request further protection for their property, and are filing claim against Government of Cuba. Bring this matter attention of President Menocal and request Cuban Government give protection to this property.

LANSING

⁷ Printed under Political Affairs, p. 333.

File No. 337.11/265

DEPARTMENT OF STATE,
Washington, March 12, 1917.

Manati Sugar Company, 110 Wall Street, New York, states impossible to communicate with their properties at Manati. Fear destruction of property and interference with operation and that they are receiving no protection from Cuban Government. Bring urgently attention of President Menocal and request protection for this property.

LANSING

File No. 337.11/282

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, March 14, 1917, 11 a. m.

My telegram of March 12, 7 p. m. Van Patton, American Administrator Punta Alegre, has been released.

GONZALES

File No. 337.11/285

AMERICAN LEGATION,
Habana, March 14, 1917.

Your 13th. Had already given attention American interests Manati which is isolation peaceful times, no abnormal fires reported and Government force now in vicinity.

GONZALES

File No. 337.11/286

AMERICAN LEGATION,
Habana, March 14, 1917.

Your 13th. Heavy losses at Francisco occurred two weeks ago. Cuban troops now there.

GONZALES

File No. 337.11/288

AMERICAN LEGATION,
Habana, March 15, 1917, 1 a. m.

Your March 13, 6 p. m. The President answered that the Secretary of State and a delegation representing great investments in Cuba would this week furnish the Department with information and give it another view of the American investor. He declared that losses did not reach five per cent of cane and were greatly exaggerated. With over two hundred mills these had lost heavily: in Oriente—Palma and Union. In Camaguey—Senado, Francisco and Jobabo. In Santa Clara—Steward, Jatibonico and Narcisa. In Habana—Matanzas, Pinar del Rio—no loss. At most of these mills President said that cane belongs to Colonias, principally Cubans; there had been other fires in Colonias tributary to number of other mills; there were now no cane fires in five of the six provinces and the Cuban Government was just taking hold in Oriente. A hundred thousand men could not prevent cane burning, but he expected to end revolutions which would stop such burnings for all time.

The suggestion referred to in last paragraph of the Department's March 13, 6 p. m. came from me. No one in or out of Government circles has intimated to me that such action by the United States would tend to increase disorder. It is illogical to suppose that it would have such an effect. I understand that the Government would not object but wishes fair opportunity to show ability to accomplish task unaided. I regard the President as probably unduly optimistic. Whether he can succeed in Oriente as quickly as in other provinces is a question upon which there is yet no sound basis for judgment. Unquestionably strong expectations of compromise were raised by the conferences at Santiago. This may have important bearing on action by the rebels.

GONZALES

File No. 337.11/279

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, March 15, 1917, 3 p. m.

American interests owning Compañía Química de la Gloria at Colombia, Camaguey Province, request protection for its property, damaged and threatened with destruction. Large stores of general merchandise and provisions have been confiscated.

You are instructed to demand adequate protection for these American interests from the Cuban Government.

LANSING

File No. 337.11/282

DEPARTMENT OF STATE,
Washington, March 16, 1917, 6 p. m.

Your telegram March 14, 11 a. m. Investigate and report immediately as to conditions at Punta Alegre plantation; whether Government troops are giving protection and if mills are grinding.

LANSING

File No. 337.11/302

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 17, 1917, 2 p. m.

Your telegram March 16, 6 p. m. Owner here yesterday talked with me, President and commander of military forces of his district. The Government promised to send more troops this morning. I received telephone from the Consular agent at Caibarien saying that young Atkins at Punta Alegre alarmed fearing attack from Spanish bandit; they wish marines. He reported all mills except his grinding. I gave information to the Navy and informed the President. He telegraphed immediately commander of military district. Owner of the place says this menace is from an old Spanish bandit with ninety followers.

GONZALES

File No. 337.11/313

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, March 22, 1917, 5 p. m.

Atkins and Company report insurgents burning cane on Soledad plantation near Cienfuegos; request protection of property. You will demand of Cuban Government necessary force prevent further destruction on this plantation.

LANSING

File No. 337.11/350

DEPARTMENT OF STATE,
Washington, March 27, 1917, 8 p. m.

Cuba Company reports to Department 1,500 rebels visited Jobabo, Oriente Province March 18, looting and destroying property, threatening destruction to mill. American and British employees in danger. Have no reports since eighteenth.

Investigate as to conditions at Jobabo, and advise Department what efforts Cuban Government is making for protection there.

LANSING

File No. 337.11/357

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 27, 1917, 11 p. m.

Official Cuba Company reported to-day destruction 25,000,000 arrobas cane at Jobabo, Oriente Province, on 18th. He asked protection mill and 60,000 bags sugar stored there. Cuban Government reports forces arriving Jobabo to-day.

President Menocal says on 10th instant he despatched troop of cavalry to protect Jobabo. It was met at Elia ten miles from mill by the manager who requested soldiers to remain at Elia as he felt sure safety of property having agreement with rebels they would not destroy cane if he proceeded to Francisco where there were marines and asked for American intervention. Soldiers complied.

GONZALES

File No. 397.11/384

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, March 30, 1917, 5 p. m.

Attorney for United Fruit Company has received following telegram from the vice president of the United Fruit Company, of the Nipe Bay Company and of Saetia Sugar Company, which companies have sugar properties near Banes and Preston:

The Cuban Government forces are not giving protection to Nipe but appear to be guarding special interests. American marines are acting as town guard at Pre-ton. Everything else at mercy of rebels. We are saving cane by paying what rebels exact. If marines are withdrawn mill and everything will be destroyed. Rebels camping around Mayari are making exorbitant demands on the Nipe Bay Company with threats to burn if demands are not satisfied. Manager Harty of Banex wires same conditions continue and he is without proper protection.

The attorney for these companies has requested that you inform Cuban Government of the situation and require of it adequate protection for these properties. You will bring this immediately to attention of the Cuban Government.

LANSING

File No. 337.11/391a

DEPARTMENT OF STATE,
Washington, March 31, 1917, 3 p. m.

On March 28, Commander U. S. S. *Eagle* stationed Manati reported to Navy Department that Fernandez with four hundred men had burned Bartle and manager of Manati Company had received a threatening letter from him. Locomotive engineer was killed. Officer in command reports that it is necessary to obtain either amnesty, a guaranty of fair elections or that a force large enough to afford protection be sent at once by the Government of Cuba.

You will immediately take this up with President Menocal and insist in no uncertain terms that he immediately dispatch adequate forces to give the necessary protection to American interests at Manati. You will further say to him that inasmuch as he has assured the Government of the United States on repeated occasions that he is capable of putting down the rebellion and of giving ample protection to lives and property of foreigners he must undertake immediately to give such protection.

LANSING

File No. 337.11/390

DEPARTMENT OF STATE,
Washington, March 31, 1917, 5 p. m.

It has been reported great damage has been done Cuban Railroad Company line between Santiago and San Luis and San Luis and Marti. The Department is disturbed, as we understand that the censorship is so strict that no information is getting through.

LANSING

File No. 337.11/388

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, March 31, 1917, midnight.

Your March 30, 5 p.m. Government promises regular cavalry sufficient for protection will reach Nipe Bay Sunday night.

GONZALES

File No. 337.11/389

AMERICAN LEGATION,
Habana, March 31, 1917, midnight.

Your March 31, 5 p.m. Great damage done to Cuban Railroad as several times reported.

Rigoberto Fernandez destroyed property at points named weeks ago. Those points now under control of the Government and repairs supposed to have commenced.

GONZALES

File No. 337.11/392

AMERICAN LEGATION,
Habana, April 1, 1917, midnight.

Your March 31, 3 p.m. Direct conflicting reports from *Eagle* and Government as to burning of Bartle. Government in telegraphic communication with that point today and report says nothing has occurred there; also commander of two hundred cavalry arriving at Bartle makes no mention of damage. I requested Government to order commander of troops arriving at Manati today to call on Commander *Eagle* and furnish information.

Federal troops scattered several bands rebels vicinity Manati today killing eighteen.

GONZALES

File No. 337.11/411a

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, April 3, 1917, 6 p.m.

Navy Department reports wireless message from U. S. S. *Machias* that Alto Cedro Sugar Company have decided to abandon their property and requested escort of marines for employees to Preston. Government troops attacked revolutionists last night pumping station Spanish American Mining Company.

U. S. S. *Eagle* requests more forces to protect American lives and property at Bartle. Rebels operating near Runati. Landing force to protect mills and property at Batey. Burning Galbis and Bartle contrary to orders of Caballero. Guard furnished by U. S. S. *Paducah* March 28 for Cobre Mine and Agua Dores bridge.

LANSING

File No. 337.11/411b

DEPARTMENT OF STATE,
Washington, April 7, 1917, 6 p.m.

You are instructed to insist that the Cuban Government furnish protection for American colony at Omaja and also open communications with that place in order that information may be obtained regarding conditions there. This must be done immediately.

Report to Department by cable result of your efforts and what information you can obtain regarding welfare of Americans at Omaja.

LANSING

File No. 337.11/412

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, April 10, 1917, 1 a. m.

Your April 7, 6 p. m. Railroad repaired to Omaja, trains running to Las Tunas ten miles west. Permanent military guard now stationed American settlement. Another detachment entering district ordered to clear surrounding country of rebels or robbers.

Have received a letter from Omaja. People suffered theft of horses and supplies. One youth reported whipped by rebels. Has been most isolated place Cuba and totally unprotected account destruction railroad bridges for hundred miles east and west.

GONZALES

File No. 337.11/440

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, April 16, 1917, 2 p. m.

Department is informed from several sources that condition of American settlers at La Gloria, Riverside, Garden City, Palm City, Canet Minas near Camaguey is desperate; that rebels are robbing food supplies, horses, ammunition and threatening burn houses. You are requested to make immediate and urgent demand of Cuban Government for protection of these colonists.

Report by cable.

LANSING

File No. 337.11/420

DEPARTMENT OF STATE,
Washington, April 16, 1917, 4 p. m.

Report forwarded from Santiago states that Miranda properties are in the hands of rebels, stores pillaged and threats of destruction of mills may be effected any moment; that Government troops in force went to Palmarito but most of them returned to Santiago. Number of rebels in vicinity. Attitude of Government troops reported to be inexplicable as no attempt has been made to protect Miranda and local towns in spite of continued requests to military authorities. The report concludes with the statement that the rebels openly declare their contempt for the Government troops.

You are instructed to inquire of Cuban Government whether it is informed as to the actual situation in the locality mentioned. Report by cable.

LANSING

File No. 337.11/449

DEPARTMENT OF STATE,
Washington, April 17, 1917, 5 p. m.

Inform President Menocal immediately that Department has received information that plant of Holguin Exploration Company, at

Aguas Claras, near Holguin, is in danger of destruction by rebels. Ask that Cuban Government afford immediate protection and that regular troops be sent to guard this American company's plant.

LANSING

File No. 337.11/445

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Habana, April 17, 1917, 9 p. m.

Your April 16, 2 p. m. There are Government troops stationed at each one these places except Canet. C. C. Reasoner, American, who recently went to La Gloria to bring mother Habana, reports protection given by Government to that section showed calm apprehension. Trains run through Minas every day. I have not only asked for protection for alarmed American colonies but where it was possible physically to get protection have not rested till it was provided. Most of the robbery was before communication could be established. Isolated houses will be in danger while robber bands exist.

GONZALES

File No. 337.11/447

AMERICAN LEGATION,

Habana, April 17, 1917, 10 p. m.

Your April 16, 4 p. m. Cuban Government contends that being in direct telegraphic communication with Palmarita, Palma, and other towns in that vicinity, is thoroughly informed. No town or village occupied by rebels. On report that large rebel force was near Palmarita two troops cavalry were sent from Santiago. Report declared unfounded and troops returned.

Miranda is not a town but site of sugar factory under construction three miles from Palmarita. Last Sunday Mr. Snare of Snare and Frieste, contractors building mill, reported to me their workmen needed protection, the place having been raided previous Wednesday and a skirmish fought in vicinity. Immediately asked the President for protection. He promised it. There is a troop cavalry in Palmarita. Sunday night I notified contractor of protection promised and asked to be informed if it were not given.

There are a number of rebel bands in hills of this section which have doubtlessly looted country stores and houses. Colonel Varona is active against them.

GONZALES

File No. 337.11/444

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,

Washington, April 18, 1917, 4 p. m.

Department informed that Miranda properties threatened with destruction as they are wholly unguarded despite urgent appeals for protection; that a large rebel force is now burning properties Baso

Estancia and destroying Bayate bridge worth 100,000 dollars; and that the Federal troops are either unable or unwilling to protect that district.

Place this information before President Menocal and demand immediate correction of existing conditions. Report by cable.

LANSING

File No. 337.11/456

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, April 19, 1917, 10 a. m.

Your April 17, 5 p. m. President reports guard regulars at Exploration Company's plant.

GONZALES

File No. 337.11/452

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, April 19, 1917, 1 p. m.

Bethlehem Steel Company advise Department of report from its manager that anti-American feeling very strong among rebels, that the mines are practically without adequate protection as marines are kept constantly moving and that Cuban Government cannot end trouble without substantial assistance.

You will communicate this information to President Menocal and ascertain why ample and permanent protection is not furnished these properties. Report by cable.

LANSING

File No. 337.11/450

DEPARTMENT OF STATE,
Washington, April 20, 1917.

American Consul Santiago reports interior conditions not improved; that Santiago de Cuba is full of American refugees; that everything on plantations of Cuba Company is destroyed, Paso Estancia burned and managers Palmarito reported expecting destruction of their property any moment. He states the Government troops are there but they are insufficient for protection. Present these facts to Menocal Government and report to Department attitude Cuban Government in this connection. You may say to President Menocal that this Government insists upon adequate protection for these properties.

LANSING

File No. 337.11/465

DEPARTMENT OF STATE,
Washington, April 20, 1917.

United Fruit Company report to Department that 2,000 rebels have camped on the borders of their property and seem to be in aggressive mood.

You are instructed to inform the Cuban Government of the foregoing and request that such troops as may be necessary be sent to the location for its proper protection.

LANSING

File No. 337.11/461

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, April 21, 1917, 11 p. m.

Personal representations and urgings for protection were made immediately in compliance with Department's April 17, 5 p. m., April 18, 4 p. m., April 19, 1 p. m. today. In view of the report to Department from Consul at Santiago and report to Department by United Fruit Company forwarded to me 20th, I presented memorandum to the President recapitulating allegations of danger and destruction expressing concern of the Department in reported inability of Government to control situation.

The President expressed belief in purpose of interests in Oriente Province to embarrass unwarrantably this Government by gross misrepresentations. All that any government could do was being done. Revolutionists in Oriente had become bandits and were being pursued and punished. In fleeing from one place to another they looted. This was an unavoidable state that no force could prevent during the process of hunting down the bands. Meantime he said that protection was being given to interests.

The Holguin Exploration was protected. Bridge at Bayate not destroyed, only a wooden approach burned. Baso Estancia, a place of three houses, had suffered from robbers. Some of Bethlehem Steel Company's mines guarded by marines, one by Cuban troops. He had given orders for their full protection and considered safe.

Report by Consul at Santiago that everything on plantations Cuba Company destroyed most misleading to the Department. Jobabo only plantation of company in province. No damage since March 18 and strong Government force now there. Palmarito is guarded and military authorities consider protection sufficient. Same as to Miranda. The President said his personal properties in this immediate neighborhood and he is not alarmed.

He could give reasonable protection but could calm apprehension only by running down the bandits and this he was doing with energy and according to his best military judgment.

The President denied that either 2,000 or 200 rebels were camped about the United Fruit Company's places and showed reports from Colonel Loris in charge there to sustain denial.

Reenforcements are going to Oriente Monday. Within a week 1,000 troops from Camaguey will probably be sent there. Meantime the army is making progress in a most difficult character of campaign.

GONZALES

File No. 337.11/463

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, April 24, 1917, 4 p. m.

Your April 21, 11 p. m. Consul Santiago reports April 22 to Department that American refugees report interior conditions worse; that more marines needed protect iron and copper wharf, bridges and property, and intelligence service for protection of harbor and radio communication with naval station. Requests American war vessel remain at Santiago.

LANSING

File No. 337.11/482

Consul General Rodgers to the Secretary of State

No. 1261

AMERICAN CONSULATE GENERAL,
Habana, April 30, 1917.

SIR: I have the honor to acknowledge receipt of various instructions of the Department relating to the welfare of certain Americans in the Province of Oriente, Cuba, these instructions being based upon inquiries received by the Department from friends of the persons in question. In general reply I beg to state that it has been reported to the American Minister and myself that absolutely no harm has come to any of the Americans who were in the revolutionary district of Cuba, and therefore it is to be assumed that all of the people mentioned in the instructions of the Department referred to are well.

Mail communication with Oriente Province is still somewhat interrupted, and therefore it may take some time to get specific information as to the various people named. On this account I make the general statement contained in the preceding paragraph. I will, however, address letters to those named, and in the event of receiving replies will promptly inform the Department.

I have [etc.]

JAMES L. RODGERS

File No. 337.11/485

Consul Griffith to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Santiago, May 6, 1917.

Consular agent Guantanamo reports burning and sacking Olimpo, Palmarejo and Belona. Yesterday buildings Citero iron mines known Nimanima, Government chart, burned. Government forces fled. *Machias* left breaking communication with naval station. Captain marines reports two thousand armed rebels near Daiquiri. Mining properties and wharf here inadequately protected, need war vessel and five hundred additional marines immediately. Very urgent.

GRIFFITH

File No. 337.11/478

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, May 7, 1917, 7 p. m.

Department informed by representative large American interests in Oriente Province that Cuban Government is not giving protection against destruction by rebels along railroad; that Cuban officers evidently fear to take their soldiers out Guantanamo; that on May 2 word was received by cable to the effect that work at Belona and Marco Sanchez on railroad line was stopped on account of the situation; that repeated requests for adequate protection for Belona have been unavailing and without protection all houses and *bateys* would be destroyed. He states further that he received a cable on May 3 from the same source that the fears entertained were well based as the stores, houses and other property at Belona and Josephina were burned by the rebels.

You were instructed to take this up at once with the Cuban Government with the idea of obtaining full and proper protection.

LANSING

File No. 337.11/485

The Secretary of State to Consul Griffith

[Telegram]

DEPARTMENT OF STATE,
Washington, May 8, 1917, 6 p. m.

Your telegram of 6th. *Machias* now returning to Santiago.

When cabling information to Department send duplicate by wire to Legation at Habana.

LANSING

File No. 337.11/505

The Secretary of State to Minister Gonzales

[Telegrams]

DEPARTMENT OF STATE,
Washington, May 17, 1917.

Person and property Irving L. Fisher at Victoria de Las Tunas are said to be in imminent danger from insurrectionaries. Take matter up with Cuban State Department, request that all possible steps be taken to insure safety of Fisher and his property, and report regarding matter.

LANSING

File No. 337.11/521

DEPARTMENT OF STATE,
Washington, May 25, 1917.

Melchior, Armstrong and Dessau Incorporated, New York, state they have been advised that bandits have looted Central San Antonio,

Guantanamo and have taken cash and goods from stores. As American representatives of said Central they desire that property be protected from further losses. Investigate matter and, if property in question is that of American citizens, request extension of adequate protection thereof. Report.

LNASING

File No. 337.11/523

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, May 25, 1917, noon.

Reports to the Department appear disingenuous. Miranda mill not yet built. Palmarita stopped account rains which also stopped grinding at Palma, President Menocal's property adjoining. Wet cane cannot burn, but no rebel activity reported that section excepting surrenders.

GONZALES

CONTROVERSY BETWEEN THE COMPAÑIA DE LOS PUERTOS DE CUBA (CUBAN PORTS COMPANY) AND THE GOVERNMENT OF CUBA, GROWING OUT OF THE CANCELLATION OF THE COMPANY'S CONCESSION WITH THE CUBAN GOVERNMENT BY THE PRESIDENT OF CUBA. GOOD OFFICES OF THE UNITED STATES

EDITORIAL NOTE.—A Concession was granted to the Compañia de los Puertos de Cuba (Cuban Ports Company) by the law of February 20, 1911, to perform dredging work and carry out improvements in the ports of the Republic. Under this law the existing tonnage and port dues were greatly increased, and the amounts so collected were to be paid over to the company for a period of 30 years.

The Government of the United States, under provisions of Article II of Appendix to the Constitution of Cuba, which article also constitutes Article II of the Treaty of May 22, 1903, between the United States and Cuba,⁸ objected to the requirement of the concession that a specified portion of the ordinary revenues, derived from the import tonnage tax, be paid over to the Cuban Ports Company regardless of whether or not such revenues were necessary to defray the current expenses of the Government, and suggested that the concession be amended.

The concession was amended by a new contract made between President Gomez of Cuba and the Cuban Ports Company on May 13, 1913 in pursuance of Executive decree No. 510, dated May 12, 1913. This decree being considered illegal by President Menocal, was annulled by Executive decree No. 246, of June 18, 1913, and the matter reverted to its original status.

On August 4, 1913, President Menocal signed Executive decree No. 522 stating that the law of February 20, 1911, required the Cuban Ports Company to organize in accordance with Cuban law, that the company had failed to so organize and that it could no

⁸ For. Rel. 1904, p. 243.

longer be regarded as a concessionaire, and directing the Secretary of the Treasury to withhold from the company the port dues thereafter collected, directing the Secretary of Public Works to take charge of all the works performed by the company and directing the Secretary of Justice to take steps to have the charter of the company by judicial procedure declared null and void.

The Cuban Ports Company appealed to the courts against the constitutionality of Executive decree No. 522 and on October 6, 1913, the Supreme Court of Cuba denied the appeal.

The case was before the Courts of Cuba until near the close of the year 1915, when the following correspondence ensued.

File No. 837.156/197a .

The Secretary of State to Chargé Scholle

[Telegram]

DEPARTMENT OF STATE,
Washington, October 12, 1915, 7 p. m.

Department is informed that suit of the Cuban Ports Company is scheduled for twenty-first instant.

Apparent desire of President Menocal to reach a settlement along lines of reason and equity, while safeguarding the financial and moral reputation of Cuba, prompts Department to render him all proper assistance in his worthy effort. If a decision against the company should be reached the present Administration could not appear to make concessions to the company, whereas if the decision reversed the Government's former attitude, the Administration would suffer loss of prestige. It does not therefore appear that pressure of pending suit would aid that settlement in the spirit in which the President is understood to desire it, but might easily occasion embarrassment. While the Department has no intention or desire to intervene in Cuban court proceedings, it would be gratified if it might see the present legal status maintained, at least until the President's efforts for amicable settlement on behalf of Cuban interests and of the investors involved, have proved futile.

You will, therefore, informally advise the Foreign Office in this sense, with a view to obtaining, if possible, an adjournment of the case and, at the same time, discreetly according the President the support of this Government, which he is understood to consider essential to the accomplishment of his plan of settlement. Minister Gonzales suggests that, in addition, a copy of your memorandum be sent to the President in a personal communication.

For your confidential information, the potential attitude of the British bondholders, as expressed through the British Embassy, might prove embarrassing to Cuba and onerous to this Government, in the event of decision being rendered in the pending suit.

Report by cable.

LANSING

File No. 837.156/199

Chargé Scholle to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, October 19, 1915, 11 p. m.

Called on the President unofficially and urgently requested his acceptance of Department's suggestion to postpone Ports Company case set for 21st. He said that he had referred matter to the Secretary of Justice and would have his private secretary write me as to the result of decision. Said note, received this evening, sets forth that the President believes that he must insist on the trial of the case being expedited as he desires an impartial decision as to the value and justice of his decree. He further says that if the court decides in favor of the Government, as he hopes, it will not influence in the slightest degree his intention to harmonize the interests of the State with the legitimate interests involved in the Ports Company transaction.

British Minister has instructions to support any action the Department may consider advisable. Awaiting instructions.

SCHOLLE

File No. 837.156/199

The Secretary of State to Chargé Scholle

[Telegram]

DEPARTMENT OF STATE,
Washington, October 20, 1915, 5 p. m.

Your October 19, 11 p. m. Inform President of Cuba that the Department's attitude as expressed in its telegram of October 12, 7 p. m. was reached as a result of representations made to this Government by the British Embassy on behalf of British security holders and by the Ports Company which desires postponement of trial only until a conference may be held within a month between the counsel for the company and for the bondholders and Minister Gonzales, with a view to seeking some amicable solution mutually satisfactory to all concerned, and to which the Cuban Government may properly accede. To these considerations may be added the belief and hope of the Minister himself, as stated to the Department, that some such solution can thus be attained, as well as the Department's consistent desire to assist the Government of Cuba, if not incompatible with its wishes, in reaching such solution and thus avoiding the complications and embarrassments of litigation and inevitable diplomatic pressure by Governments whose subjects are affected.

LANSING

File No. 837. /207

The British Ambassador to the Secretary of State

BRITISH EMBASSY,
Washington, November 3, 1915.

DEAR MR. SECRETARY: In a memorandum dated October 14¹ you were so good as to inform me that telegraphic instructions had been

¹Not printed

sent to the American Chargé d'Affaires at Habana asking him to inform the Cuban Government that while entertaining no intention or desire to intervene in the proceedings of the Cuban courts the Department of State would be gratified if the trial of the pending suit of the Cuban Ports Company might be postponed and the present legal status maintained, at least until the efforts of the President of Cuba to effect a settlement mutually satisfactory to Cuban interests and to the investors, had proved futile.

On October 20 the President of Cuba received His Majesty's Minister and assured him, as he had done on previous occasions, of his determination to come to an equitable settlement with the investors in the company whatever the decision of the Supreme Court might be, but stated that he felt he could not interfere with the action of the Court. Señor Menocal explained to Mr. Leech that his position would be much stronger after the case had been heard by the Supreme Court and that he could then obtain the support of certain elements whose present opposition was due to self-interest.

Whilst the reiterated assurances of President Menocal to come to an amicable understanding show his good intention; His Majesty's Government would be grateful if, in the probable event of the decision of the Supreme Court being adverse to the company, the United States Government would see fit to continue to use their good offices in bringing about a settlement of this question favourable to the bondholders and stockholders.

You will understand that it is naturally the sincere desire of my Government as evidenced by the attitude of Mr. Leech, who has consistently cooperated with his American colleague in affording the President of Cuba every opportunity of arriving at an amicable settlement, to avoid being placed in the position of having to address to the Cuban Government any formal protest or demand which might cause embarrassment in the premises both to the Cuban Government and to the United States Government.

I am [etc.]

CECIL SPRING RICE

File No. 837.156/207

The Secretary of State to the British Ambassador

DEPARTMENT OF STATE,
Washington, November 6, 1915.

MY DEAR MR. AMBASSADOR: I beg to acknowledge the receipt of your note of the 3d instant, relative to the question of the Cuban Ports Company, and I note with appreciation your expression of the desire of your Government, as evidenced by the attitude of the British Minister in Cuba and your own, to cooperate with this Government in an endeavor to afford the President of Cuba every opportunity of reaching an amicable settlement of the matter.

The Department awaits information from the Legation at Habana, as to the nature of the decision in the suit and, in the event of a verdict adverse to the company, in compliance with your suggestion, it will endeavor to continue the exercise of its good offices in this connection.

I am [etc.]

ROBERT LANSING

File No. 837.156/209

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, November 22, 1915, 2 p. m.

Court renders decision against Cuban Ports Company leaving company without standing. Five days before copy decision obtainable.

GONZALES

File No. 837.156/211a

The Acting Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, November 27, 1915, 4 p. m.

Your November 22, 2 p. m. The Department is unofficially advised that a continuation of the present status of Cuban Ports matter has unfortunately proven so detrimental to Cuban credit that the bankers are disinclined, until an equitable settlement of this case is reached, to consider a further loan, which it is understood that Cuba may now desire to obtain, even though considered as part of that approved by the Department on September 5, 1913.

While the Department has every confidence in the sincerity of the President of Cuba in his desire to reach an equitable settlement of this matter as particularly stated by him in your telegrams of October 19, 11 p. m., it is of the opinion that an intimation by you to the effect that this Government shares this apprehension as regards the credit of Cuba, may expedite the proposed settlement. You may, therefore, in your discretion, communicate the substance of the above to President Menocal, leaving with him, if deemed desirable, a memorandum thereof.

Confidential. The Department is further unofficially advised that the bankers have already informed the President of Cuba in the sense of the above. It is not impossible that this pressure in addition to the fulfillment of this instruction may materially assist him in obtaining the desired congressional support in order to conclude the settlement which he proposes.

POLK

File No. 837.156/223a

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, February 29, 1916, 5 p. m.

Report by cable latest developments Cuban Ports Company matter.

LANSING

File No. 837.156/225

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Habana, March 9, 1916, 2 p. m.

Department's March 2, 6 p. m.¹ Called on the President yesterday and made him acquainted with Department's earnestness and views. He has a little hope of congressional action this week. If he fails he wishes, as final lever to use on congress, a formal advisory note to this Government. On account of Supreme Court decision his advisors believe revocation of decree would not stand legal test.

As time presses I advise that Department immediately send note strongly urging action in support of the President's program, emphasizing the large British interests and British pressure upon the Department, also referring to Department's information that number of congressmen are refusing action in expectation of private gain and giving Department's opinion of disaster to Cuban credit and reputation abroad should such attitude of congressmen be made public. This line would be in my opinion most effective and cause the least irritation.

GONZALES

File No. 837.156/225

The Acting Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,

Washington, March 15, 1916, 7 p. m.

Your March 9, 2 p. m. and previous correspondence. You will address to the Minister for Foreign Affairs a note the body of which should be textually as follows:

The effect that a continuation of the present status of the Cuban Ports Company matter may have upon the international credit and reputation of Cuba, for which this Government feels a peculiar solicitude, has, for some time afforded this Government grave concern. The manifest desire of the President of Cuba, as repeatedly indicated to this Legation, that an equitable settlement of this matter be reached has until now encouraged the belief in the possibility of such solution. As I had occasion to indicate, however, to His Excellency the President on the 8th instant, the preponderating British interest in the securities of the company and the reiterated expression to my Government through official channels of the desire of the British Government that a settlement be reached, tends to increase the apprehension that unless some such solution be soon found, diplomatic pressure which my Government may find itself unable further to prevent, may be exerted upon your excellency's Government.

In addition the information communicated by the company's representative, and which, should the good offices of this Government prove futile, the company states that it intends to make public, to the effect that certain members of the Cuban Legislature are reported to have refused action in expectation of private gain, renders the present situation fraught with menace.

In view of these considerations, I am directed by my Government, which is actuated solely by a desire to continue to extend your excellency's Government all assistance, advice and encouragement as may properly lie within its power now to reiterate its earnest hope that His Excellency the President may immediately obtain the Congressional support necessary to the fulfillment of his plan of settlement.

POLK

¹Not printed.

File No 837.156/226

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, March 22, 1916, 1 p. m.

Department's March 15, 2 p. m. Secretary of State replies that he informed the President in person of importance of note and that for the purpose of terminating matter the President proposes to appoint immediately a commission of three lawyers to make fresh study of the subject and determine what the Executive may do within his powers.

This Government appreciates at its true high value the offer of assistance and the friendly cooperation of the United States and regrets that it has not been able to proceed with celerity. Parliaments however are dilatory everywhere. The convincing purpose of the Government to secure settlement is shown by the President's message to Congress and the passage of the bill by the Senate. It is incomprehensible what grounds there can be for diplomatic pressure by the British Government in a matter where the action of this Government has been confirmed by the highest court of the country and in respect to a company that court has decided did not conform to the laws.

Respecting what is said of certain members of Congress the Government can only proceed in so important and serious a matter with proof in its possession. These should be given by the company.

The President continues to occupy himself hoping that sooner or later he can reach a solution in compliance with law, justice and equity.

GONZALES

File No 837.156/226

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, March 24, 1916, 5 p. m.

Your March 22, 1 p. m. Department is unofficially advised that the commission to study Cuban Ports matter has three months in which to report. Cable briefly your opinion as to the present status of this matter, both political and otherwise and whether this apparently dilatory procedure may be expected to achieve results.

LANSING

File No. 837.156/228

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, May 10, 1916, 4 p. m.

Your 319, March 24. Department unofficially informed that Ferrara has prepared and submitted to other members of the commission, independent report on Cuban Ports matter, showing various methods by which settlement might be reached.

In view of time elapsed since date of decree, you may discreetly inquire as to what progress has been made in this matter.

LANSING

File No. 837.156/230

Minister Gonzales to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, May 27, 1916, noon.

In the matter of Ports Company. Last Wednesday I called upon President with British Minister regarding Ports Company matter. He said that committee would report findings that afternoon. Saw him again yesterday; he said that committee had not yet reported but would do so in a day or two; that two members were in accord and that Ferrara's report would be incorporated as minority report and that both would be published in *Official Gazette*. He said that he had not seen majority report but understood it held action of Congress necessary to settlement. I am convinced President has no intention of accepting responsibility in the matter before November elections and is evading the issue. I feel also that publication of Committee report would make it more difficult to come to a settlement and might precipitate publication of Ports Company's charge of venality of Congress.

Have come to believe that Congress has been kept in ignorance of Department's active desire for settlement and that if the President summoned the members of the lower House before him and told them if they did not open the way for settlement as did the Senate the United States would indorse or validate a plan for settlement over their heads, they would cease to demand money for votes.

If the Department cares for my presence at Washington I shall be in Columbia, South Carolina, on Tuesday and Wednesday.

GONZALES

File No. 837.156/231

Chargé Scholle to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Habana, June 2, 1916, 11 a. m.

Supplementing telegram of May 27, noon. The majority report of the committee appointed by the President is published in the *Official Gazette* to the effect that Ports Company settlement is for Congressional action and as according to the decision of Supreme Court the company has no legal existence, therefore the Government is not liable for either the bonds or stock issued by the company.

SCHOLLE

File No. 837.156/232

The Attorney for the Cuban Ports Company to the Secretary of State

NEW YORK, June 7, 1916.

SIR: I have the honor to confirm, as briefly as possible, my conversation of yesterday with Mr. J. Butler Wright, [Chief of the Division of Latin American Affairs] relating to the existing relations between the Government of Cuba and the Cuban Ports Company.

It now appears from the majority report of the commission appointed by Presidential Decree No. 369 of March 1916, and from the reports of our clients in Cuba, which have been confirmed by the American Minister at Havana, that the President of Cuba no longer intends to carry out his promises for an equitable settlement of the claims of the stockholders and bondholders of the Cuban Ports Co. and that there is no possibility of securing any settlement through the Cuban Congress, and we beg to respectfully request the good offices of the State Department as hereinbelow outlined. In order that our specific requests, and the grounds upon which they are made, may be better understood, we will briefly rehearse some of the facts leading up to the present situation:

Subsequent to the organization of the Cuban Ports Co., and the passage of the Law of February 20, 1911, imposing a ports tax, the proceeds of which were to be devoted to certain ports improvements to be carried on by the Cuban Ports Co., the company applied to a group of London bankers for a loan of six million dollars. Under date of May 12, 1911, Messrs. Kleinwort Sons & Co. of London in a letter addressed to the Department of State of the United States inquired as to the validity of the contract made between the Government of Cuba and the Cuban Ports Co. The Department answered under date of June 9, 1911, criticizing the terms of the agreement, which were characterized in that communication as: "wasteful and against the best interests of Cuba." The operation of the contract between the London bankers and the Cuban Ports Co. was thereupon suspended, and representatives of the company called upon the then Secretary of State with a view to eliminating, if possible, the objectionable features in the existing contract. As a result of many conferences, and special investigations conducted by the State Department, the Secretary of State addressed a letter to the Cuban Ports Co. under date of June 11, 1912, which read in part as follows:

With reference to the question of the validity of the contract under the Platt Amendment, however, you are informed that this Government has called to the attention of the Government of Cuba, the fact, which is apparent from the nature of the concession itself, that as it seriously affects the ability of the Cuban Government to defray the expenses of administration if deprived of these revenues, which are given over under the concession for a period of thirty years to your company, it is necessary, in order to remove this objection, that the concession should be modified so that if such revenues are needed at any time during the period of the concession, the Government of Cuba should have the right to terminate it upon terms which are just and fair, and again be placed in a position to avail itself of the revenues to be derived from the port duties.

This Government, in view of your fair attitude and expressed willingness to have your bondholders and stockholders agree to the modifications suggested, has reason to feel that the objectionable features of the concession can be eliminated by the agreement between your company and the Government of Cuba.

Negotiations then followed between officers of the Cuban Ports Co. and officials of the Government of Cuba with a view to agreeing upon the language of an amendment as suggested in the letter of the Secretary of State above quoted from.

Under date of March 1, 1913, the Secretary of State wrote to the Cuban Ports Co. enclosing a copy of a letter of instructions forwarded to the American Minister at Havana on the subject of the modifications in the terms of the Cuban Ports Co. agreement.

We quote from this letter of instructions as follows.

The Ports Improvement Company having been informed of the views of the Government of the United States * * * has indicated its willingness to adopt as a substitute for its former proposal an amendment to the concession in the following terms:

The Government of Cuba shall have the right at any time to take over the operation of the Cuban Ports Company by purchasing all the outstanding stock of the Cuban Ports Company at a just and equitable valuation to be fixed by three appraisers and approved by the Government of the United States, such appraisers to be appointed by the Government of the United States upon the request of the Government of Cuba, one being nominated by the Government of Cuba and one being nominated by the Cuban Ports Company, such valuation to be fixed by a majority of the appraisers in case of disagreement among them.

A new contract was immediately entered into between the Government of Cuba and the Ports Company confirmed by Presidential Decree 510 of May 12, 1913, from which we quote as follows:

Whereas: The Cuban Ports Company has also agreed with the Government of Cuba that: The Government of Cuba shall have the right at any time to take over the operation of the Cuban Ports Company by purchasing all the outstanding stock of the Cuban Ports Company at a just and equitable valuation to be fixed by three appraisers and approved by the Government of the United States, such appraisers to be appointed by the Government of the United States upon the request of the Government of Cuba, one being nominated by the Government of Cuba and one being nominated by the Cuban Ports Company, such valuation to be fixed by a majority of the appraisers in case of disagreement among them.

It should be noted that the language quoted is practically identical with that suggested by the Secretary of State of the United States.

By a letter from the Cuban Ports Co. addressed to the American Minister at Havana, dated May 15, 1913, the Department of State was informed of the compliance of the Cuban Government and the Ports Company with the Secretary of State's instructions above quoted from. Receipt of this letter was acknowledged by the American Minister under date of May 26, 1913, and the request was made at the same time for a copy of the original Spanish text in order that it and the translation might be forwarded to the Department of State for its information.

It clearly appears from the foregoing that the Government of the United States intervened in the matter of a contract between the Cuban Government and the Ports Company; that this intervention was specifically based upon the terms of the permanent treaty between the United States and the Republic of Cuba—usually referred to as the Platt Amendment; that, as a result of such intervention, the original contract, or concession, was modified to comply to the letter with the demands of the American Government.

Shortly after the facts above related, it transpired that President Menocal (the present incumbent) was elected as President of Cuba. By Decree 246 under date of June 8, 1913, he purported to cancel and annul the terms of the amendment to the contract between the Cuban Government and the Ports Company; which amendment had been adopted (as above stated) at the special instance and request of the United States Government.

Subsequently, and on August 4, 1913, the President issued his Decree 522 declaring that the Cuban Ports Co. was never legally organized, and purporting to cancel and annul the agreement then existing between the Cuban Government and the Ports Company. The terms of this latter decree have been the subject of much corre-

spondence between ourselves and the State Department, and its terms are so familiar that it is unnecessary here to specifically refer to them.

Since that time, the Government of Cuba has continued to collect a port tax as provided by the law of February 20, 1911; but the proceeds of the tax have not been applied for the purposes provided in that act. It is the contention of the stockholders and bondholders of the Ports Company that this action on the part of the Government of Cuba, as represented by its President, amounted to a "taking over of the operations of the Cuban Ports Company" by the Government of Cuba, and that this was done in total disregard of the terms of the contract of May 1913 and the decree of May 12, 1913.

On behalf of our clients (the bondholders and stockholders of the Cuban Ports Co.), we respectfully request the Secretary of State to inform the Government of Cuba as follows:

That the terms of the amendment to the original contract with the Cuban Ports Co., as set forth in Presidential Decree of May 12, 1913, were adopted at the special request of the United States, based upon the language of the permanent treaty known as the Platt Amendment.

That it is the right and duty of the Government of the United States to insist, upon the same grounds, that the terms of that amendment be complied with.

Accordingly the Government of the United States must insist on the carrying out of the said agreement. In order to do this, and that the Government of Cuba may legally complete the taking over of the assets and operations, including the concession granted to the Ports Company, which is evidently the purpose of the Cuban Government, the Government of Cuba will, within thirty (30) days from the receipt of this notice, nominate one of the three appraisers, as provided for in the said agreement, who shall fix a just and equitable valuation of the outstanding stock of the Ports Company to be purchased and paid for by the Government of Cuba. The bonds and other obligations of the company to be assumed by the Cuban Government as in said agreement provided.

We believe that the above correctly confirms the conversation of yesterday between Mr. Paul Fuller, Jr. and Mr. J. Butler Wright, and beg [etc.]

PAUL FULLER, Jr.

File No. 837.156/235

The British Ambassador to the Secretary of State

No. 179

BRITISH EMBASSY,
Washington, June 22, 1916.

SIR: I have the honour to inform you that I am in receipt of a telegram from Secretary Sir Edward Grey stating that the Cuban Ports Company understand that their legal advisers in Washington have urged on the Department of State that they should require the Cuban Government to purchase the undertaking on the basis laid down in the modified concession of 1913.

Sir Edward Grey desires me to say that the purchase of the undertaking by the Cuban Government would appear to be a very good solution of this long outstanding question.

I have [etc.]

CECIL SPRING RICE

File No. 837.156/239

The Cuban Minister to the Secretary of State

[Undated *aide mémoire* left at the Department by the Cuban Minister July 13, 1916]

The law of February 20 [1911], known as the Port's Improvement Law, having granted a concession to a corporation supposed to be organized according to the precepts of the laws of Cuba and known as the Cuban Ports Company for dredging and improving certain ports of Cuba establishing that the company should conform to specifications of said law regarding its organization, and other conditions which, after certain modifications met with the approval of the State Department then concerned in the sense that said concessions should not affect Article II of the Treaty of May 22, 1903, between Cuba and the United States, apart from any question as to the validity of the concession to be conclusively determined by the Cuban courts;

The Cuban Government having found later that it had contracted with a corporation which had not conformed to the laws of Cuba for its organization as demanded by the Law of the Concession, and, therefore, that said company could not be considered as legally entitled to the concession as embodied in the act passed by the Cuban Congress on February 20, 1911;

The Cuban Government revoked Decree No. 510 of President Gomez by Decree No. 246 of President Menocal which revokes the concession to the so-called Cuban Ports Company, the position of the Government of the United States being, in this case, that the question of the legality of President Menocal's decree was one to be decided solely by the appropriate Cuban authorities.

The Cuban courts acting in this matter of their lawful jurisdiction, in a suit brought by the so-called Cuban Ports Company against the administration, declared said company to be an illegally organized corporation and sustained Decree No. 246 of President Menocal.

It is, therefore, very fundamental to establish whether or not an illegally organized corporation can create obligations and responsibilities to the Cuban Government through its contracts and negotiations with third parties, as it appears equally fundamental to know how far and to what extent any diplomatic action arising as a consequence of claims against the so-called Cuban Ports Company can be justly pressed by any power against the Cuban Government, and endorsed by the Government of the United States, after the taking of a sentence by the Supreme Tribunal of Cuba, by which all the reasons of Decree No. 246 of President Menocal to revoke the concession and to cease payments to the so-called company were amply confirmed, said company having been found to be not a corporation organized to conform with the laws of Cuba.

It is assumed from the urgent recommendations of the United States Minister in Habana, that if the United States Government endorses the pretensions of Great Britain in the emphatic manner in which

they have been recommended by the American Legation, it is because this Government is possessed of special knowledge of the question, and, in this case, it would be useful to know the opinion of this Government in face of the sentence of the Supreme Tribunal of Cuba.

In the meantime, no arguments on the merits of the question having been adduced either by the American Government or by the Government of Great Britain, to justify the responsibility of the Cuban Government, and the jurisdiction of the Cuban courts having been reiteratedly recognized as the competent one to decide on the propriety of the contracts and the legality of the concession no reason appears to contradict why it should not be considered that the legal status of the corporation also is a question submitted exclusively to the courts of Cuba that have already passed upon the matter, even to and by a sentence of the highest court which is the Supreme Tribunal, instituted by the United States in Cuba during the first intervention and subsequently sitting under the provisions of the Cuban Constitution.

File No. S37.156/237

The Acting Secretary of State to Minister Gonzales

No. 235

DEPARTMENT OF STATE,
Washington, July 31, 1916.

SIR: The Department has received your despatch No. 348 of June 19, 1916,¹ in which you review developments in connection with the existing difficulties between the so-called Cuban Ports Company and the Government of Cuba growing out of the cancellation of the Company's contract with the Cuban Government by the President of Cuba.

Since the issuance by the President of Cuba of his decree of August 4, 1913, cancelling the company's contract, the Department has, as you are aware, viewed with increasing concern the failure of President Menocal and of other competent Cuban authorities to take any satisfactory steps looking to a final satisfactory settlement of these difficulties. In view of this Government's friendly interest in the welfare of Cuba and in view particularly of this Government's apprehension that the attitude of the Cuban Government in this matter would seriously impair the credit of Cuba, the Department instructed you to use your good offices with a view to bringing about a satisfactory and amicable adjustment of the case. The efforts made by you in accordance with these instructions have apparently proved unavailing.

The Department regrets that the friendly advice of this Government, the representations which the Department understands have been made to the Government of Cuba by the British Government in behalf of the owners of the beneficial interest in the Cuban Ports Company, and the fact that the cancellation of the company's concession has apparently created a situation fraught with possibly serious consequences to Cuba have all failed to prompt the Cuban Government to abandon its attitude of inaction respecting the matter of effecting a settlement of the case, and earnestly to take suitable steps looking to such a settlement, and the Department desires

¹Not printed.

that you address a communication, to which you will request an early reply, to the Cuban Foreign Office in the sense of the following:

Under instructions from my Government I have the honor to present to you certain considerations respecting the difficulties that have arisen between the Government of Cuba and the so-called Cuban Ports Company, growing out of the cancellation of the company's contract with the Cuban Government by the President of Cuba.

Following the issuance of President Menocal's decree of August 4, 1913, representations were made to this Government by owners of the beneficial interest in the company who being aware of the interest which this Government had taken in the contract just mentioned sought its assistance in protecting their interests. My Government's good offices were also solicited by the Government of Great Britain with a view to the protection of British investors in the company. And requests for assistance were also received from American citizens whose interests were incidentally affected by the cancellation of the contract.

To these requests and representations this Government replied in effect that they would receive due consideration if a situation should arise in the future in which the case should become the subject of diplomatic discussion between this Government and the Government of Cuba, and that it was understood that the latter had in contemplation the matter of effecting through judicial proceedings or otherwise an adjustment of the questions which arose out of the cancellation of the company's concession. When it appeared that no satisfactory steps were being taken to bring about such an adjustment, my Government, in view of its friendly interest in the welfare of Cuba and in view particularly of its apprehension that the attitude of the Cuban Government in this matter would seriously impair the credit of Cuba, instructed me to tender its good offices to the Cuban Government looking to an amicable arrangement satisfactory to all parties whose interests were affected by the cancellation of the concession.

You are doubtless aware that on more than one occasion the President of Cuba has assured me of his earnest desire that the rights of all the parties affected by his decree of August 4, 1913, should be protected, and that proper steps should be taken looking to that end. These assurances having been brought to the attention of my Government and of the holders of the securities of the Cuban Ports Company were relied upon by them in good faith. From time to time measures have been initiated in the Cuban Congress for the declared purpose of vesting in the President of Cuba power to effect a settlement of the case. Nevertheless, after the lapse of approximately three years no effective steps have been taken to bring about an arrangement to deal in a suitable manner with the situation created by the President's decree cancelling the company's concession. And my Governments is now in possession of an *aide mémoire*, recently delivered to it by the Minister of Cuba at Washington during the course of an interview which he had with the Department with reference to the Cuban Ports Company, in which it is pointed out that the Cuban courts have declared, in a suit instituted by the Cuban Ports Company, that the company is an illegally organized corporation and in which it is stated that it

"is, therefore, very fundamental to establish whether or not an illegally organized corporation can create obligations and responsibilities to the Cuban Government through its contracts and negotiations with third parties, as it appears equally fundamental to know how far and to what extent any diplomatic action arising as a consequence of claims against the so-called Cuban Ports Company can be justly pressed by any Power against the Cuban Government, and endorsed by the Government of the United States,"

and, further, that it

"is assumed from the urgent recommendations of the United States Minister in Habana, that if the United States Government endorses the pretensions of Great Britain in the emphatic manner in which they have been recommended by the American Legation, it is because this Government is possessed of special knowledge of the question, and, in this case, it would be useful to know the opinion of this Government in the face of the sentence of the Supreme Tribunal of Cuba."

My Government directs me to inform you that it cannot undertake at this time to discuss the matters referred to in the Minister's *aide mémoire*, but that it feels warranted, in view of all the facts and circumstances of the case under consider-

ation, to request that it be furnished with a definite statement on the part of the Cuban Government as to its present attitude with reference to the controversy existing between it and Cuban Ports Company.

However, my Government desires me to point out at this time that, following the enactment by the Cuban Congress of the act known as the Ports Improvement Law, which authorized the creation of the Cuban Ports Company, this Legation was directed to inform the Cuban Government that the Government of the United States regarded as objectionable, under the provisions of the treaty concluded between the two Governments on May 2, 1903, the stipulations of the company's concession providing for the payment to the company of a specific portion of Cuban revenues derived from the import tax provided for by the Cuban law just mentioned, whether or not such revenues might be necessary to defray the expenses of the Cuban Government; that it appeared possible to obviate this objection by amending the terms of the company's concession so as to permit the use of this import tax for current expenses if at any time it should be needed for that purpose; and that the desired result might perhaps be accomplished by an amendment to the concession giving the Cuban Government the right to take over the operation of the Cuban Ports Company by purchasing all the outstanding stock of the company at a just and equitable valuation to be fixed by three appraisers. It appears that this Government's suggestion was adopted by the Cuban Government and by the company, the company's contract being amended in accordance therewith.

The holders of the securities of the company have represented to my Government that the act of the President of Cuba in cancelling the company's concession is a taking over of the operation of the Cuban Ports Company by the Government of Cuba within the meaning of the amendment of the company's concession just mentioned, and that, therefore, it is incumbent on the Cuban Government, under existing circumstances, to take steps to have appraisers appointed in order that the company's outstanding securities may be purchased at a just and equitable valuation to be determined by appraisers named in accordance with the terms of the contract.

My Government, without desiring at this time to enter into any discussion as to the legal rights of the parties to the contract in question under the terms thereof just mentioned, desires me to point out that the Cuban Government, inasmuch as it has, acting through its President, terminated the company's concession, would appear to be in a position at once to take steps to effect a satisfactory solution of the existing regrettable difficulties between itself and the company by promptly instituting the proceedings suggested by the holders of the company's securities.

I am [etc.]

FRANK L. POLK

File No. 837.156/232

The Acting Secretary of State to the Attorney for the Cuban Ports Company

DEPARTMENT OF STATE,
Washington, July 31, 1916.

SIR: The Department is in receipt of your letter of June 7, 1916, in which you review the situation respecting the difficulties that have arisen between the Cuban Government and the so-called Cuban Ports Company growing out of the cancellation of the company's concession by the President of Cuba, and in which you request that this Government further employ its good offices with a view to bringing about an adjustment of these difficulties.

You call attention to an amendment to the company's contract, the substance of which was suggested by this Government, which provided that the Cuban Government should have the right at any time to take over the operation of the company by purchasing all its outstanding stock at a just and equitable valuation to be fixed by

three appraisers and you state that it is the right and the duty of the Government of the United States to insist that the terms of that amendment be now complied with by the Cuban Government.

While observing that the Department cannot admit your expressed views to the effect that any such rights and duties devolve upon it because it suggested the incorporation into the contract of the amendment just referred to, which as you are aware was proposed by this Government with a view to obviating an objection that certain stipulations in the company's contract might conflict with the treaty concluded between this Government and Cuba, May 22, 1903, the Department may inform you that it has recently sent to the American Minister at Habana a comprehensive instruction looking to a satisfactory settlement of the case along the line indicated in your letter. In this instruction the Minister was directed to say, among other things, that this Government, without desiring at this time to enter into any discussion as to the legal rights of the parties to the contract under the terms of the amendment in question, desires to point out to the Cuban Government that inasmuch as it has, acting through its President, terminated the contract, it would appear to be in a position at once to take steps to effect a satisfactory solution of the regrettable difficulties existing between it and the company, by promptly instituting the proceedings suggested by you in behalf of the holders of the company's securities.

I am [etc.]

FRANK L. POLK

File No. 837.156/240

Minister Gonzales to the Secretary of State

No. 368

AMERICAN LEGATION,
Habana, August 25, 1916.

SIR: I have the honor to enclose herewith a translation of a note, dated August 22, from the Cuban Secretary of State, replying to my note of August 7, relative to the matter of the Cuban Ports Company, addressed to him in pursuance of the Department's instruction No. 235 of July 31, 1916.

I have [etc.]

WILLIAM E. GONZALES

The Cuban Secretary of State to Minister Gonzales

[Inclosure—Translation]

No. 124

DEPARTMENT OF STATE,
Habana, August 22, 1916.

MR. MINISTER: On the 7th instant this Department received your excellency's note^a relative to the matter of the so-called Cuban Ports Company, transmitting the instructions which in regard thereto were sent you by the Government of the United States.

Due to the absence from Habana of the President of the Republic when that note was received, reply thereto has been retarded, since, naturally, this Department did not care to undertake to answer it without first submitting the matter to the consideration of the President, not only because he is the head of the Executive Power and the First Magistrate of the nation, in whom the Constitu-

^a Not printed. See Department's instruction No. 235 of July 31, 1916, *ante*.

tion vests the direction of diplomatic negotiations, but because of the references to the President which are made in your excellency's note. Accordingly, not until Monday, the 14th instant was the matter submitted to the President at a meeting of the Cabinet, and after a study of the note and examination of all the facts relating to the matter of the Cuban Ports Company, it was decided to draft a reply in the terms in which I now have the honor to do.

In the first place I must express to the Government of the United States the pleasure with which the Government of Cuba views its zealous interest not only in the credit of the Republic but to avoid diplomatic controversies with another nation which might, as stated in your excellency's note, be fraught with serious consequences for Cuba; but, as a matter of fact, if the antecedents and facts which enter into this matter of the Ports Company are closely studied, it will be observed that the acts of the Government of Cuba in this matter have in no wise affected the credit of the Republic, which is as flourishing or more so than in the best of times, nor can any diplomatic complications be feared in the confident assurance that calm discussion of this matter will certainly result in convincing all that the acts of the Government of Cuba with reference to the aforesaid company are firmly grounded not only in the law of Cuba but in the laws of all countries, and therefore the Government of Cuba sees no reason why it should be subjected to censures which it certainly has not deserved.

It is true that the President of the Republic has on more than one occasion expressed his keen desire for finding a basis of amicable arrangement with those who lent their money for the work performed by the Cuban Ports Company, and I can assure you, and prove to you, that the President has not procrastinated in this matter.

Decree No. 522, in which the President ordered suspension of payments which were being made to the aforesaid company, and reference to the courts for ventilation of all questions relating to the validity of a corporation which, contrary to the laws of the land and more especially to the provisions of the very act of February 20, 1911, was not organized in accordance with the laws in force in Cuba, was issued on the 4th of August 1913, and from that moment began the activities of the company against that decree, entering first a suit in which the constitutionality of the decree was attacked and which was lost in the Supreme Court, and subsequently a contentious-administrative suit and another suit in the courts of ordinary jurisdiction brought by the bondholders.

Of these suits there is still pending decision of that brought by the bondholders; the suit brought by the company in the contentious-administrative court having been decided against the company and in full confirmation of the aforesaid decree of August 4, 1913; and it can be assured that in these suits it has been the company principally which has retarded their course, doubtless because the company deem d it advantageous to its interest to do so. Indeed in this Department a memorandum was received from your Legation, dated October 13, 1915, conveying the suggestion that the question be allowed to remain in *status quo*, that is to say, without decision by the courts, while the matter of a friendly arrangement between the interested parties was considered; and the company itself not only requested the suspension of trial in the courts, but on some occasion preferred a similar request to the President himself.

Notwithstanding that the various suits brought in this matter were pending determination by the courts, the President of the Republic viewed with pleasure and encouraged as far as possible the presentation in one of the Houses of Congress of bills purporting to authorize him to settle definitely all questions relating to the Ports Company, and to provide even for the indemnity in proper measure, on grounds of grace and equity, those who had in good faith lent their money to the company for its work.

After the Supreme Court had rendered its decision of November 8 last, confirming in all its parts the decree of August 4, 1913, issued by the President of the Republic, the President assumed the initiative in this matter, addressing, only two months after the date of the decision of the Supreme Court, a message to Congress recommending, among other things relating to the Ports Company, a determination whether, for reasons of grace and equity, Congress deemed it proper to compensate in some measure those who had lent their money to the company. The pertinent part of that message reads as follows:

"The need for making some provision for the circumstances arising from the aforesaid decree and from the Supreme Court decision to which I have referred, has not escaped the recognized wisdom of the legislative power; and consequently a bill in this connection was introduced in and passed by the Senate and is now pending action by the House of Representatives.

"It is not my purpose now to discuss and advance an opinion upon this bill, which, doubtless, is predicated upon motives and reasons of justice on one hand, and on the other hand of grace and equity, which are fundamental and should not be lost sight of; my view being that, in this sense, that is to say, upon the broad basis of its most general lines, legislation may be enacted which, in the judgment of the honorable Congress, should conduce to accomplish the object which, as concerns the dredging and improvement of harbors, was sought in the act of February 20, 1911, and moreover, if indemnity, on grounds of grace and equity, of those who in good faith lent their money for the performance of the aforesaid works of dredging and harbor improvements, provision may be made for the adoption of proper measures for such compensation in the manner and to the extent which may be deemed just and reasonable.

Presidential Palace, Habana, 21 January 1916."

The interviews and conferences which, after sending this message, the President had, at his own instance, with Representatives and Senators for the purpose of reaching some agreement in regard to the indemnities which, if proper, might be granted on grounds of grace and equity to those who lent their money for the company's work, are of public knowledge. And, latterly, in view of the fact that at such conferences no definite arrangement was reached, the President appointed a commission to determine what the Executive could himself do in this matter, the majority of the commission holding, in their opinion dated May 30 this year, that only with the cooperation of Congress could anything substantial be accomplished in this matter, for on his own accord or on his own authority the President could do nothing by way of settlement.

From the foregoing it will be seen that the President has been active in his efforts to accomplish some result, even before the decision of the Supreme Court was rendered, but much more so after that decision was rendered, and I have to say, with the President's authority, that he is still dealing with the matter, though the summer season and the proximity of the general elections make it difficult for Congress to meet in order to consider and take action upon the matter.

I cannot but cite a fact which is of decisive importance in this matter, namely, that only the suit on constitutionality brought in the Supreme Court and the contentious-administrative suit brought by the company have been definitely decided, both of course against the company, and that there is pending decision not only the suit brought by the bondholders, now in the Supreme Court, but also the suit to determine the nullity or forfeiture of the charter or instrument of organization of the Cuban Ports Company brought by the public prosecutor, which, as previously stated, has not yet been determined.

These two suits are of capital importance in this matter, but of much greater importance is that brought by the public prosecutor, in which the question is to be decided specifically whether the company's corporate instrument shall be declared null or forfeit; for this Department particularly wishes to invite your excellency's attention to the quite important point that the President, in his above-mentioned decree of August 4, 1913, did not declare that instrument null and void, nor much less decree what in your excellency's note is termed the cancellation of the concession. What the President did in that decree was to declare that, since the act of February 20, 1911, provided that the Cuban Ports Company should be organized in accordance with the laws of Cuba in order that it might receive the concession, and said company was not organized in accordance with the laws of Cuba, the Government could no longer continue making the payments which under that act were to be made to the company, and that consequently the Secretary of Justice should take appropriate action in the courts to obtain a judicial decree of nullity or forfeiture and, in a proper case, to procure the punishment of anyone guilty of crime in connection with the organization and other acts of the company.

The Supreme Court decision of November 1915 was confined to a confirmation of the grounds of the President's decree; declared the payments properly suspended and upheld the other provisions of the decree. It is in the other suit above-mentioned where the Government of Cuba, through the public prosecutor as its legal representative, seeks a decree of nullity or forfeiture of the corporate instrument of the company—the suit in which it is to be definitely settled whether such nullity or forfeiture is proper. The present legal status is this: the decree of August 4, 1913, has, as stated, been confirmed by the Supreme Court, because the court holds that the company was not in fact organized in accordance with the laws in force in the Republic as required by the concession act of February 20, 1911.

It will be seen, therefore, that the question involved is not as to the concession, nor as to whether those who lent their money to the company did so in view of a concession granted by an act of Congress, but as to whether the concession was in fact granted to those to whom the act directed that it should be granted, namely, the Cuban Ports Company, which in order to obtain the grant should be organized in accordance with the laws of Cuba, and it seems clear that if that company did not conform to the laws of Cuba and organize in accord therewith, it could not and ought not to have been held to be the concessionaire.

The statement in your excellency's note relative to the bondholders having represented to the Government of the United States that the occasion seems to have arisen to assume that the Government of Cuba has taken over the operation of the company, and that steps should be taken to appoint appraisers to determine the value of the securities of the company with a view to the purchase thereof by the Government of Cuba, seems to be an error on the part of the bondholders, since the Cuban Government has in no wise contracted the obligation to make such purchase of the securities of the company in any case, and much less in the present case, in which it has not taken over the operation of the company but has merely declared that it should not continue recognizing the personality of that company and making the payments to it provided by the law because not organized in accordance with the laws of Cuba.

What has really occurred in this connection is this: The President of Cuba, General José Miguel Gómez, issued on May 12, 1913, that is to say a few days before the expiration of his term of office, which expired eight days later, or on the 20th of the same month, decree No. 510, in which the right was accorded the Government to take over the works and perform the dredging and harbor improvements in ports of the Republic upon indemnity of legitimate holders of the company's securities; but the fact is that, on various grounds, among others, that the decree gave to the United States certain intervention, whereas the United States as a foreign nation could appear in no pact save in the form of a treaty, or otherwise, but always subject to the ratification of the Senate, President Menocal annulled said decree No. 510 in all its parts, leaving it without legal force or value; and the present legal status is that said decree No. 510 is not in force because annulled on June 21, 1913, by decree No. 246 of President Menocal, while against such annulment the company has obtained no favorable resolution nor has attempted even to combat it in the courts.

With respect precisely to this decree No. 246, your excellency's predecessor Mr. Beaupré indicated to this Department in the same year, 1913, the desire of his Government that publication of the decree be suspended until the receipt of instructions, and soon thereafter, in a note of the very 21st of June 1913, addressed to Sr. Torriente, then Secretary of State of the Republic of Cuba, Mr. A. M. Beaupré, Minister then of the United States to Cuba, stated that he had just received a telegram from the Washington Government stating that it inclined to the opinion that the question of the legality of the aforesaid decree should be decided only by the competent Cuban authorities. Therefore, on this occasion, the American Government recognized that in so far as the legality of that decree was concerned, the Cuban Government was within its competent jurisdiction and could act freely in the matter.

It will thus be clearly seen that the attitude of the Government of Cuba in the matter in question is to continue to withhold payments to the so-called Cuban Ports Company as provided in the decree of August 4, 1913, confirmed in all its parts by decision of the Supreme Court of November 8, 1915, on the ground that the aforesaid company is not legally organized, and to await the final decision not only of the suit brought against the Government by the bondholders, but also the suit brought in 1913 against the company by the public prosecutor in representation of the Government of Cuba; without prejudice to continuing in the meantime its efforts to reach a settlement that shall put an end to the whole matter of the Cuban Ports Company, efforts which, as stated before, the President made unofficially prior to the rendering of the Supreme Court decision of November 8, 1915, and by the official means of the message to Congress after that decision had been rendered.

In respect to the concluding part of your excellency's note, where you say:

"My Government, without desiring at this time to enter into any discussion as to the legal rights of the parties to the contract in question under the terms thereof just mentioned, desires me to point out that the Cuban Government,

inasmuch as it has, acting through its President, terminated the company's concession, would appear to be in a position at once to take steps to effect a satisfactory solution of the existing regrettable difficulties between itself and the company by promptly instituting the proceedings suggested by the holders of the company's securities."

I must refer to what I have already stated in this note, namely, that the bondholders, who, as stated in your excellency's note, have suggested this idea, cannot properly make such a recommendation nor sustain this claim, and that for various reasons.

The first reason is that, as I have already pointed out, the procedure in question was provided for in decree No. 510, of May 13, 1913, of President José Miguel Gómez, which was revoked in full by President Menocal in his decree No. 246 of June 21, 1913, and accordingly, the only legal ground which the bondholders would have had for this procedure of the purchase of the securities by the Government of Cuba must be considered to have completely disappeared and to have been extinguished by the act of complete revocation of the decree authorizing such procedure.

Another reason is that it is not clear how the bondholders can request through diplomatic channels that this procedure of the purchase of the securities by the Government of Cuba be carried out when the fact is that, in addition to its being known to them that the decree authorizing such procedure of the purchase of securities by the Government has been revoked in full and is therefore without legal force, said bondholders, through the Trust Company of Cuba, their legal representative, have still pending in the courts a suit against the Government, claiming not only what they call the mortgage represented by their bonds but the resumption of payments by the Government in accordance with the act of February 20, 1911, and compensation of damages; it being incompatible for said bondholders to sustain at the same time two such contradictory extremes as that their character of mortgagees be recognized and the Government continue making the payments provided for in the act before mentioned, with the compensation of damages which they also seek, and that the Government be assumed to have taken over the operation of the company and should therefore proceed to purchase, after due appraisal, all the securities of the company. Or in other words, the bondholders seek through the diplomatic channel exactly the opposite to what they are seeking in the suit which is still pending decision in the Supreme Court of the Republic of Cuba.

Lastly, it is evident that, in view of all the facts, it cannot be held that the Government of Cuba has decided to take over the operation of the company and to proceed to acquire the company's securities by purchase, even were decree No. 510 authorizing this procedure still in force, which, having been revoked by decree No. 246 of June 21, 1913, it is not; for what the Government of Cuba actually did in this case was to decide and declare, as it perforce had to do, that it should not continue making payments to the Cuban Ports Company, nor should the latter continue the works of dredging and harbor improvements provided for in the fundamental act, namely, that of February 20, 1911, for the reason that said act directed that the concession should be given to the company upon the condition that it be organized in accordance with the laws of Cuba, and that, it being discovered that said company had not complied with the laws, it should not have been concessionaire indicated in the act nor could continue as such, and, consequently, payments which were theretofore being made should be discontinued and the matter taken to courts for final decision of everything concerning the legality of the company.

Moreover, the bondholders, or their trustee, the Trust Company of Cuba, are aware also that a suit is before the courts brought by the Government seeking a decree of nullity or forfeiture of the charter or instrument of organization of the corporation known as the Cuban Ports Company because of failure to comply in said instrument with the provisions of laws in force, and that said suit will be decided by the judge before whom it is pending as soon as defendants file their final answers.

In view of all these facts it is quite evident that the Government, and especially the President of the Republic, has not been procrastinating or tardy, but that his efforts for a definite settlement have perhaps been premature and untimely, inasmuch as suits are still pending in the courts, one of which was brought by the bondholders themselves; and therefore it does not seem that the Government of Cuba can be properly criticised, having proceeded and proceeding in this matter in thorough good faith and adhered to the mandates of the law, as any other nation would have done whose laws were unfulfilled and disregarded by a

corporation upon which, without prejudice to the general obligation of organizing in accordance with the laws of Cuba, the act itself of February 20, 1911, authorizing the dredging and harbor improvements in ports of Cuba, specifically imposed the obligation to organize in accordance with the laws of Cuba.

Both the company and the bondholders are bound to abide by what has already been determined, and what is yet to be determined in the suits still pending, by the courts, upon whom the ascertainment of all rights and obligations in the premises devolves. The Government of Cuba is of course willing to fulfill all its obligations, and will beyond any doubt fulfill those which may arise from the determinations of the courts. In this case there is no question of the fulfillment of any obligation with respect to Cuba which the Treaty of Paris imposed upon the United States and which should be assumed and fulfilled by the Government of Cuba as stipulated in Art. 3 of the appendix to the Constitution known as the Platt Amendment. The question involved arises from a contract between the Government of Cuba and a Cuban corporation, a corporation which under the general laws and the special law had to organize in accordance with the laws of Cuba and which the Government of Cuba, and subsequently the Supreme Court, have declared not to have observed those laws, and accordingly the Government of Cuba acted within its rights in suspending payments and submitting the question to the courts for final determination. The Government of the United States itself has recognized that in such matters, concerning questions of internal administration of Cuban affairs, and the merits of contracts between the Government of Cuba and third persons, the Government of Cuba alone has competent jurisdiction save in so far as such matters may be affected by the provisions of the Platt Amendment, as the Secretary of State of the United States expressly communicated to the Cuban Ports Company in a letter dated June 11, 1912, quoted, in this pertinent part, in the note which Mr. Beaupré, Minister of the United States, addressed to the Cuban Government on February 25, 1913.

It is not necessary to state that the so-called Platt Amendment is not involved in this matter, since, as before stated, it does not refer to obligations with respect to Cuba which were imposed upon the United States by the Treaty of Paris and which should be assumed and fulfilled by the Government of Cuba, the question involved being merely whether the holders of securities of the Cuban Ports Company have or have not any rights in the premises, and if so, what those rights are, a question still to be settled by the courts of Cuba in the suit brought by the bondholders. The President, it is true, has sought a full settlement of the question by means of an equitable arrangement, but it cannot be held on this account that the well-intentioned efforts of the President of the Republic are to be construed as creating obligations which the President has not intended to and could not impose upon the Republic.

Finally, all claims in connection with the matter of the Ports Company which may be brought against the Government of Cuba, not only by the company itself but by foreign nations, such as Great Britain, must be discussed on legal grounds only, and settled strictly on their legal merits, without any fear that the credit of Cuba will suffer or that a dangerous situation will confront the Republic, a situation which could never arise with one who, as the Cuban Government, only wants to discuss these matters calmly and to have them settled, finally, as they should be settled, in the understanding that, once settled, the Government of Cuba will not refuse to fulfill what it shall justly have to fulfill.

I avail [etc.]

PABLO DESVERNINE

File No. 837.156/240

The Secretary of State to Minister Gonzales

No. 273

DEPARTMENT OF STATE,
Washington, December 14, 1916.

SIR: The Department has received your No. 368 of August 25, 1916, enclosing a translation of a note from the Cuban Secretary of State replying to your note of August 7 last regarding the case of the Cuban Ports Company.

The Department observes that it is stated in the note addressed to you by the Cuban Secretary of State, under date of August 22 last, that the President of Cuba did not, as stated in the note addressed

by you to the Cuban Foreign Office in accordance with the Department's instruction of July 31, 1916, terminate or cancel the contract concluded between the Cuban Ports Company and the Cuban Government. It may be observed with reference to this point, that inasmuch as it appears from Mr. Desvernine's note, just mentioned, and from the decree of President Menocal, dated August 4, 1913, that he directed the suspension of the payment of funds which, under the terms of the contract, were due the company, and further directed that the Secretary of Public Works should proceed to take charge of all the works performed by the company, and since it further appears that the action directed by the President of Cuba was taken, and that the company's operations have entirely ceased, it seems to the Department that there was no substantial inaccuracy on its part in its reference to the contract in question as having been canceled.

The Department notes the observations of the Cuban Secretary of State respecting the proposal of the holders of the securities of the company that the Cuban Government should take steps to have appraisers appointed, in order that the company's outstanding securities may be purchased at a just and equitable valuation, to be determined by appraisers named in accordance with certain terms of the contract. This Government, without entering into any discussion of the legal rights of the parties to the contract in question under the terms thereof relating to the purchase of the company's securities, suggested that the Cuban Government, inasmuch as it had terminated the company's concession, would appear to be in a position to effect a satisfactory solution of existing difficulties between itself and the company, by instituting proceedings for the purchase of these securities, as suggested by the holders thereof. It would appear from Mr. Desvernine's note that the Cuban Government concludes that it is not in a position to take such action, because, in the first place, the decree of President Gómez, issued on May 12, 1913, by which provisions were incorporated into the contract for the purpose of enabling the Cuban Government to take over, under certain circumstances, the company's outstanding stock, was subsequently canceled by a decree made by President Menocal, which decree, it appears, has never been judicially confirmed; and, in the second place, even though this last mentioned decree had not been issued by President Menocal, no situation has arisen such as that contemplated by the contract which would require the Cuban Government to take over this company's securities.

The Department regrets that the Cuban Government considers that it is stopped by these reasons from taking some steps along the lines suggested by the holders of the company's securities, looking to an adjustment of the rights of all parties affected by the decree of August 4, 1913, in accordance with the avowed purposes of the President of Cuba.

The Department is not clear as to the observations made in Mr. Desvernine's note respecting the propriety of diplomatic representations in this case and respecting the pertinency to this matter of the so-called Platt Amendment. It would appear, from other portions of Mr. Desvernine's note, that this Government has made clear its position to the Government of Cuba in presenting to it certain considerations in relation to the questions involved in this case.

You will address to the Cuban Secretary of State a note in the sense of the foregoing with reference to the communication transmitted by him to you under date of August 22, 1916.

I am [etc.]

ROBERT LANSING

File No. 837.156/250

The Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, June 12, 1917, 6 p. m.

With reference to previous correspondence in connection with the Cuban Ports Company matter, you are directed to seek a favorable opportunity to say to President Menocal that, in view of his recent reelection and his ability to secure from the Cuban Congress legislation which he had deemed to be in interest of the Republic, that this might be an opportune moment for the carrying out of the desire which he is understood to have expressed for the settlement of the claims of the stockholders and bondholders of Cuban Ports Company.

You will also say that a settlement must eventually be made of this long-standing matter and its settlement at this juncture would go far toward eliminating any cause for friction not only between Cuba and the United States but between Cuba and Great Britain, which, in view of the present international situation, is highly desirable. You will add that this settlement would no doubt materially facilitate the carrying out of Cuba's financial program as set forth in recent legislative acts.

LANSING

File No. 837.156/250

Minister Gonzales to the Secretary of State

No. 471

AMERICAN LEGATION,
Habana, July 3, 1917.

SIR: Referring to your cable instruction of June 12, 6 p. m., I have the honor to enclose, as the first result, the translation into English of a message from President Menocal to Congress, accompanied by the Spanish original as it appeared in *El Mundo* of June 30.

When I presented the matter to the President he again expressed himself as anxious to get a settlement, and several days afterwards the British Minister also spoke to him on the same subject. Last Saturday, June 30, the President said that he had sent for a number of Congressmen and urged the importance of his being given authority to get a settlement with the Ports Company; that he also sent to Mr. Truffin to come to Habana and aid in getting action by Congress; that Mr. Truffin was, he thought, personally interested in the passage; that it seemed to him more probable that Congress would act favorably on this matter than on any other important proposal on the administration's program, but it was impossible to predict whether action would be taken before the adjournment on July 13.

I urged the necessity of an early settlement, and the President said that if Congress refused to act he would have to consider some plan for proceeding independently.

I have [etc.]

WILLIAM E. GONZALES

[Inclosure—Translation]

MESSAGE OF THE PRESIDENT OF THE REPUBLIC

TO THE CONGRESS: An unavoidable duty obliges me to recommend anew with all urgency to the honorable Congress the settlement of the serious matter referring to ports duties and improvements and claims of the *bona fide* holders of bonds of the Cuban Ports Company.

In the message referring to the same matter, which I sent on January 21, 1916, to both houses of Congress, I explained the status of this question and the convenience of deciding same, in view of the public necessity and of the repeated representations made by the Governments of the United States and Great Britain, regarding said claims.

The company referred to having been illegally constituted, it was nevertheless, recognized as legal by the Government of this Republic which granted it the concession for the works of dredging and improving the ports of the island, for the time and with the conditions and extraordinary advantages of the law of February 20, 1911, and showed it every measure of favor and confidence. Foreigners who, in good faith, and protected by those acts of the Government of the Republic, and in view of its reiterated assurances and of the reports of reputable entities, invested their savings or their capital in those Cuban bonds, are claiming indemnity for the loss they have suffered, and this, in my judgment, must be examined with a view to equity, even if not with strictest justice, as my Government has with solid and positive grounds constantly maintained.

By my decree No. 522 issued on August 4, 1913, it was stated that said company was not constituted in accordance with the laws of the country, as required by the law of February 20, 1911, already cited, and that it was not, nor could it continue to be the concessionaire of the said works; and that statement is supported and confirmed by repeated decisions of the Supreme Court against the company and in favor of the State, in all the suits brought against the said decree. There can be no doubt therefore, that the Government of the Republic acted legally, with right and justice, in issuing the Decree 522.

But the case of the *bona fide* holders of the bonds that the said company managed to sell abroad, taking advantage of the above-mentioned favorable circumstances and relying on the integrity of the Cuban Government, is not morally decided by those important judicial decisions, inasmuch as they rest on grounds of equity, grace and high international comity which can not escape the enlightened mind of the honorable Congress.

Founded on analagous considerations, a bill was approved by the Senate some time ago, which is still pending before the House, as to which I said in my message of January 21, 1916, and now repeat, without intending, as I did not then, to anticipate opinions which must constitutionally be reserved for the moment when the proposed law is presented to me for approval, that it was without any doubt, inspired by motives and reasons of justice on one hand, and of equity and grace on the other hand, which are fundamental and must not be lost sight of, it being my opinion that upon the ample basis of the general lines of that bill, an efficient settlement could be reached, which would foresee and satisfy the twofold necessity which must be considered, that is, that of continuing the port improvements which the law of 1911 desired should be assured, giving definite application for the tax which it imposed for that purpose, as well as that of indemnifying, in the proper time and manner, the *bona fide* bondholders.

If it were always just and prudent to consider these necessities for the reasons indicated, it is even more so now that it behooves us to lay aside completely all differences and arguments or disputes with the Governments of the United States and Great Britain in circumstances such as those created by war with the Imperial German Government, which strongly unite our three nations together in the defense of the same ideals of liberty, of international justice and of progress.

On the other hand, the definite settlement of this vexatious matter, which is used without reason against the credit of Cuba, would contribute in no little part to the better and more expeditious accomplishment of the important bond issue of thirty million dollars which the Republic needs for effecting the high and unavoidable objects which I had the honor to set out in the messages of April 18 and May 26 of this year.

I confidently expect that for the reasons expressed, the honorable Congress will, before the present session closes, vest in me the necessary authority in accordance with the proposed law referred to, or in the terms that its prudence and wisdom may dictate, in order that the important and urgent measures may be carried out.

Issued at the estate El Chico, Marianáo, June 25, 1917

M. G. MENOCAL

File No. 837.156/254

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, July 14, 1917, midnight.

Congress adjourned its regular session last night and was immediately called to convene in special session to act on the bill authorizing President to settle with Ports Company. There was no quorum this afternoon. The President plainly indicated in his message that favorable action was imperative. Having been convened for this purpose they will be obliged to act and a favorable vote is generally expected.

GONZALES

File No. 837.156/256

AMERICAN LEGATION,
Habana, July 24, 1917, 11 a. m.

The House has passed the Senate bill authorizing the President to come to a settlement with Ports Company.

GONZALES

File No. 837.156/256

The Acting Secretary of State to Minister Gonzales

[Telegram]

DEPARTMENT OF STATE,
Washington, July 26, 1917, 7 p. m.

Your July 24, 11 a. m. You are instructed to congratulate the President upon his having been authorized by Congress to settle the Ports Company matter, and you will add that this Government now feels assured that a just and prompt settlement will be forthcoming.

POLK

File No. 837.156/257

Minister Gonzales to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Habana, July 27, 1917, midnight.

Your July 26, 7 p. m. President informed me July 25 he would appoint a commission composed of Chief Justice Supreme Court, President of Senate, and Secretary of the Treasury to discuss claims with

representative of Ports Company and bondholders and report to him. He says that these men are well disposed as Cuban people will readily accept any decision by them. I suggested possible irreconcilable differences between parties and President said that he thought then some American of exalted reputation might be called in as arbitrator.

GONZALES

File No. 837.156/261

AMERICAN LEGATION,
Habana, October 6, 1917, 11 a. m.

The time for filing claims by Ports Company expired last Monday. This week President and commission have devoted to matter and have offered settlements by which Cuban Government pays for bonds at par and turns over assets of company to stockholders. Understand London interests being consulted by cable.

GONZALES

File No. 837.156/263

AMERICAN LEGATION,
Habana, October 12, 1917, 11 a. m.

The Ports Company matter has been settled definitely, all interests accepting proposal of Government. Government pays the Ports Company bonds at par. These include one million, Series A, which were distributed in Cuba and not sold at time of getting the concession, and six million dollars of Series B, sold in England. They will be paid for with Cuban interior five per cent bond, founded on fifty per cent of port tax. President Klapp of Ports Company considers it to be best Cuban bond extant.

There are ten million dollars in stock which was all originally issued as water, part as bonus with bonds and part to friends and supporters of company. The company is allowed to retain its assets. These include half million dollars remaining in treasury from sale of bonds [apparent omission] tax from Cuban Government and valuable real estate which may be worth from four to twelve millions according to time and manner of development. A development company is proposed to take over these assets and President Menocal has personally assured individuals that he will facilitate this work.

GONZALES

DENMARK

NEGOTIATIONS BETWEEN THE GOVERNMENTS OF DENMARK AND THE UNITED STATES FOR THE SALE OF THE DANISH WEST INDIA ISLANDS TO THE UNITED STATES—I. NEGOTIATIONS FOR THE TREATY OF JANUARY 24, 1902¹—II. INFORMAL DISCUSSIONS—III. NEGOTIATIONS FOR THE TREATY OF AUGUST 4, 1916

I. NEGOTIATIONS FOR THE TREATY OF JANUARY 24, 1902

Secretary of Embassy White to the Secretary of State

[Telegram--Extract]

AMERICAN EMBASSY,
London, December 22, 1899.

I had an interview with the Danish Minister for Foreign Affairs day before yesterday, from whom I have ascertained that Denmark is willing to cede Danish West Indies to us. He would not state on what terms, but merely that if we make an offer it will be seriously considered. Government, and particularly the King, very sensitive about our former treatment of the question and especially anxious to avoid any appearance of offering islands to us. After some persuasion Minister intimated that a payment of between four and five million dollars would probably indemnify Treasury for advances to islands and cover capitalization of certain pensions necessary in case islands are ceded to another Power. I subsequently had long interview with two officials of Ministry of Finance who furnished me with figures showing debt to consist solely of loans from Danish Treasury to islands to cover deficits. It increases annually by about 550,000 crowns, the accumulated interest augmenting similarly by about 22,976 crowns. The debt with accumulated interest amounted March 31st last to 9,304,762 crowns. Capitalization of pensions estimated 4,662,000, making a total of 13,966,762 crowns—about 3,780,802 dollars. Treasury also owns plantations, valued about 191,000 crowns, and has loaned to private societies and individuals in islands about 3,000,000 crowns. * * *

WHITE

Secretary of Embassy White to the Secretary of State

[Extract]

AMERICAN EMBASSY,
London, December 23, 1899.

SIR: I have the honor to inform you that I duly received your letter of 28th ultimo;² that Captain von Christmas Dirckinck Holmfeld, therein referred to, arrived in London on Saturday, the 9th

¹For previous negotiations and a review of the islands and their history see House Doc. No. 15, Part 7, 57th Cong. 1st Sess., p. 2767 *et seq.*

²Not printed. See letter from Secretary Hay to Mr. Dalzel, M. C., April 3, 1902, *post.*

instant, and that I had an interview with him that same evening, during which it was agreed that, upon his return to Copenhagen, after spending a few days in Paris, he should arrange a meeting between the Danish Prime Minister, Mr. Hoering, who is also Minister of Finance, and myself.

On the 14th instant, I received the telegram in French from Captain von Christmas, of which I enclose a copy herewith, stating that the Prime Minister would be happy to receive me, and on Tuesday evening, the 19th instant, I arrived at Copenhagen. Captain von Christmas met me at the station, and informed me that the Prime Minister, being unable to speak English or French or even much German, had requested the Minister of Foreign Affairs, Admiral Ravn, who is also Minister of Marine, to see me.

On Wednesday, the 20th, I accordingly called at the Foreign Office, accompanied by Captain von Christmas, and was promptly received alone by the Minister.

I informed his excellency that the object of my visit was to inquire confidentially what the intentions of his Government might be in respect to the Danish West India Islands of St. Thomas, St. John and St. Croix—an intimation having reached my Government that Denmark is willing to cede them to another Power.

The Minister replied that his Government would be willing to cede the islands to the United States for a consideration, and I then asked him to let me know the exact terms upon which they would be ceded. He said, however, that it would be impossible for him to do this; but that if the United States should be disposed to make an offer for the islands, it would be seriously considered by the Danish Government.

Admiral Ravn intimated that, after the treatment Denmark had received from the United States in connection with the agreement made by Mr. Seward, to take over two of the islands, which the Senate declined to ratify,³ it would be impossible for his Government to appear even indirectly to be offering them again to us, and for this reason he could not fix any terms for their cession until a formal proposal should be received from us.

After some conversation and several attempts on my part to induce the Minister to give me some idea confidentially of the terms on which Denmark would part with the islands, he said that he thought between four and five millions of dollars would probably cover the advances made by the Treasury and also the amount required for the capitalization of certain pensions which would be necessary in the event of the cession of the islands to another Power.

I then asked him to be good enough to explain to me the nature of the debt of the islands and the manner in which it is held; to which he replied that he had asked two heads of departments from the Ministry of Finance to meet me and furnish these particulars. He thereupon summoned the Under Secretary for Foreign Affairs, who took me to his room, where I met the officials in question, who stated that the debt of the three West India Islands owned by Denmark, consists solely of loans made from time to time by the Danish

³ See Danish-American Diplomacy 1776-1920, Soren J. M. P. Fogdall, Ph. D., Chap. VII, 5, pp. 143-151; also House Doc. No. 15, Part 7, 57th Cong. 1st Sess., pp. 2791-2799.

Treasury to cover the deficits in the annual budgets; and they furnished me with a written document, of which I enclose a copy herewith, and from which the figures in my cipher telegram of this date, are taken. A translation of this cablegram is also enclosed.

I furthermore obtained copies of the budgets for the current year, in the English and Danish languages, of the Islands of St. Thomas and St. John, which form one municipality, and of St. Croix, which is a separate municipality; and I forward them herewith for your information. The items of revenue and expenditure will be found therein, and you will observe that the revenue of St. Thomas and St. John is estimated at \$95,520 and the expenditure at \$179,186.00, while those of St. Croix are respectively \$154,865 and \$253,073.64, showing a deficit in the three islands for the present year of \$181,874,

The figures, I may mention, in the budget drafts, are dollars, whereas those in the accompanying statement from the Ministry of Finance are in Danish krone—the equivalent of about 27 cents, United States currency.

I have every reason to believe, notwithstanding the reserve of the Minister of Foreign Affairs in respect to terms, that the Danish Government is very anxious to be relieved of the care and expense of the islands, and that an offer of three and a half millions of dollars will be accepted.

Since my return to London to-day, I have received a telegram from Captain von Christmas, stating that the King of Denmark wishes the islands, if taken over by us, to be "inside United States customs' sphere," which I infer to mean that His Majesty would like any offer we may make for the islands to be subject to that condition, although nothing was said to me relative thereto by the Foreign Minister, nor by the other Danish officials whom I saw. I understood, however, that the Ministry had been in frequent communication with the King relative to my expected visit, the details of which were doubtless at once communicated to him; and I assume that Captain v. Christmas' telegram embodies a portion of the King's reply. * * *

I have [etc.]

HENRY WHITE

[Inclosure 1]

DANISH WEST INDIES

The Danish West Indies comprise the Islands of Santa Cruz, St. Thomas and St. John. The areas are: Santa Cruz, 83 square miles; St. Thomas, 23 square miles; St. John, 21 square miles (Longman's Gazetteer and Johnson's Cyclopaedia). The Statesman's Year Book, 1900, says that by the last census (1890) the population of the islands was estimated at 32,789, and that it consists mainly of free negroes engaged in the cultivation of sugar cane. Consul Van Horne, of St. Thomas, in a report to appear in Commercial Relations, 1901,⁴ says that the population has declined, and that there is general business depression, due (according to a report in Commercial Relations, 1900) to the crisis in the sugar industry.

The trade of the Danish West Indies with the principal countries (according to the official returns of the countries named) for the most recent calendar years for which statistics are available, is as follows:

⁴Commercial Relations 1901, pp. 529-539.

	Imports from Danish West Indies	Exports to Danish West Indies
United States (1900)-----	\$444, 050	\$651, 996
Great Britain (1900)-----	2, 511	429, 770
France (1899)-----	64, 462	1, 184, 055
Germany (1899)-----	None	10, 710
Denmark (1899)-----	23, 272	24, 924

From the above, the imports into the Danish West Indies from the principal countries may be stated at \$2,301,455, and the exports at \$534,295 making the value of the total trade some \$2,835,750.

Exports consist chiefly of sugar, bay rum and shells. Most of the sugar is sent to the United States, and represents nearly the entire export of the islands to our country.

United States Consul Van Horne, in a report appearing in the Review of the World's Commerce, 1900, says:

"St. Thomas is preeminently a coaling station; 100,000 tons were handled twice in 1899. All of this coal is American ——— The United States is the natural buying and selling market of the Danish West Indies."

Trade with all Countries

Exports (estimated)-----	\$654, 122
Imports-----	1, 142, 038
Total trade-----	1, 796, 160

The statement of imports is taken from a report by U. S. Consul Van Horne (Commercial Relations, 1898, Volume I, p. 708) and is for the fiscal year ending March 31, 1898. The exports are estimated from the statements of trade of Great Britain, Germany, France, Denmark and the United States with the Danish West Indies, in 1897, the latest year for which figures from all of these countries can be obtained. Spanish figures contain no mention of trade with the Danish West Indies. The countries named have most of the trade; exports may have been sent to other West Indian islands, but as the exports consist chiefly of sugar, bay rum, shells, etc., they are probably destined for re-exportation, and the majority of the exports, it may be assumed, is sent directly.

Trade with the United States, 1898

(U. S. Treasury figures)

Imports into United States from Danish West Indies-----	\$327, 759
Exports from United States to Danish West Indies-----	707, 622
Total trade-----	1, 035, 381

Of the imports, \$317,244 was in dutiable and \$10,515 in free goods. Of the exports, \$704,034 was in goods of United States origin, and \$3,588 in foreign goods.

The chief articles in the trade were:

Imports into the United States:

Sugar-----	lbs--	14, 832, 991	\$312, 446
Spirits, distilled-----	pf. gal--	2, 138	811
Exports from the United States:			
Corn meal-----	barrels--	17, 025	33, 768
Wheat flour-----	barrels--	34, 085	178, 730
Other breadstuffs-----			24, 980
Coal-----	tons--	64, 770	150, 001
Cotton, manufactures of-----			21, 004
Iron & steel & manufactures of-----			17, 881
Leather & manufactures of-----			25, 554
Bacon, hams & pork-----	lbs--	693, 916	42, 099
Lard-----	lbs--	501, 454	31, 848
Tobacco leaf-----	lbs--	188, 422	14, 661
Wood and manufactures of-----			25, 412

Totals of Trade with United States, 1899

The United States Treasury figures thus far issued give totals only for the fiscal year ended June 30, 1899. They are:

Imports into United States from Danish West Indies.....	\$599, 328
Exports from United States to Danish West Indies.....	498, 066
Total trade.....	<u>1, 097, 394</u>

Trade with Other Countries, 1897

(Compiled from official statistics of the countries named)

Denmark:	
Imports from Danish West Indies.....	\$109, 612
Exports to Danish West Indies.....	42, 448
Total trade.....	<u>152, 060</u>
Great Britain:	
Imports from Danish West Indies.....	97, 923
Exports to Danish West Indies.....	267, 650
Total trade.....	<u>365, 573</u>
Germany:	
Imports from Danish West Indies.....	40, 698
Exports to Danish West Indies.....	50, 932
Total trade.....	<u>91, 620</u>
France:	
Imports from Danish West Indies.....	38, 600
Exports to Danish West Indies.....	216, 180
Total trade.....	<u>254, 780</u>

Trade with Great Britain and France, 1898

Great Britain and France are the only countries from which official returns of trade for 1898 are available. These are—

Great Britain:	
Imports from Danish West Indies.....	\$108, 678
Exports to Danish West Indies.....	259, 209
Total trade.....	<u>367, 887</u>
France:	
Imports from Danish West Indies.....	57, 900
Exports to Danish West Indies.....	117, 730
Total trade.....	<u>175, 630</u>

Consul Stewart of St. Thomas, in *Commercial Relations, 1896-7*, says the population of the island is 12,000, nine-tenths of whom are colored. No food products are raised except cattle for home consumption, and market vegetables. Almost all food supplies (salt provisions, canned goods, flour, meal, etc.) come from the United States. United States Consular Reports for 1899, as yet, give only fragmentary returns.

The *Stateman's Year Book, 1899*, says the Danish West Indies are inhabited mostly by free negroes engaged in the cultivation of sugar cane. The trade with Denmark, formerly considerable, has fallen off. Exports to Great Britain consist chiefly of sugar, and the principal imports from that country are of cotton goods and machinery.

[Inclosure 2]

Statement handed to Secretary of Embassy White by Danish Treasury Officials

		DECEMBER 14, 1899.	
		Kronen	Ore
On the 31st of March, 1899:			
A.	1. Due to the Danish Treasury by West Indian colonial funds-----	7, 924, 915	43
	2. Lent by the Danish Treasury to the community of St. Croix-----	567, 366	72
	With interest accumulated-----	340, 419	90
	3. Circulating West Indian credit bills-----	472, 060	--
	The outstanding debt augmenting yearly by about 550,000 kronen and the accumulated interests 22,694 kronen 66 ore.	9, 304, 762	05
	4. The charge that would arise upon the Danish Treasury from pensions, capitalized (roughly)-----	4, 662, 000	--
		13, 966, 762	05
B.	Public buildings and articles of inventory—		
	Public foundations St. Croix ⁵ -----	78, 108	21
	St. Thomas and St. John-----	100, 941	84
		179, 050	05
C.	The Danish Treasury owns the plantations Sinfram, Work and Rest, and Grange, at St. Croix, and a lot (Cruxburg) at St. John rated-----	191, 984	68
	Amounts lent by the Treasury to private individuals at St. Croix-----	276, 731	88
		488, 716	56
D.	To the private Society (lim) the St. Croix United Sugar Works the Treasury has lent and during the last ten years administered the works-----	1, 414, 784	57
	Interests accumulated of loan-----	870, 579	21
	Further due the Treasury-----	504, 456	44
		2, 789, 820	22

[Inclosure 3]

Captain von Christmas to Secretary of Embassy White

[Telegram—Translation]

December 14, 1899.

HENRY WHITE, Esq. Prime Minister delighted to receive you. When do you arrive?

CHRISTMAS

The Secretary of State to Minister Swenson

No. 86

DEPARTMENT OF STATE,
Washington, January 29, 1900.

SIR: The present time appears opportune to approach the Government of His Majesty the King of Denmark with a view to reviving the negotiations which in 1867 resulted in the signature of a convention between the United States and Denmark for the cession to us of the Danish West India Islands.

⁵It was explained to me that "Public foundations" under the letter B mean charities and a fund for immigrants.

The causes which at that time cooperated to defeat the confirmation of the treaty in the United States Senate are believed now to exist no longer, while on the other hand many good reasons combine to favor the approval of such a convention at this juncture. The proximity of the Danish Islands to the recently acquired territory of Puerto Rico of which they are virtually a geographical offshoot, and the existence of a harbor in Saint Thomas suitable for the station and repair of the naval vessels henceforth necessarily to be maintained in the West Indies are in point.

It is naturally presumed that the Government of His Majesty may now be found no less kindly disposed to entertain the proposal of such a cession than it was inclined to suggest it in 1892, on the occasion of the celebration of the four hundredth anniversary of the Columbian discovery of America. In this connection you may examine the confidential report made to Mr. Secretary Foster by your predecessor Mr. Carr under date of November 28, 1892 (No. 129),⁶ but it will not be necessary for you to make use of this precedent unless it should be recalled by the Minister for Foreign Affairs in any conversation he may have with you on the subject. It is presumed also that His Majesty's Government will readily appreciate, if indeed it shall not have anticipated the changed territorial and political conditions in that part of the West Indies which make it desirable to include the remaining Danish possession of Sainte Croix in whatever negotiation may now be found feasible.

Bearing these considerations in view, and cordially mindful of the strong friendship between the two countries, of which Denmark gave so conspicuous an evidence in 1867 and which has been since testified in other ways, the President desires that you shall sound the Government of His Majesty touching its disposition to enter upon negotiations for the acquisition by the United States of the Danish Islands in the West Indies, comprising Saint Thomas, Saint John and Sainte Croix with their outlying islets, rocks and appurtenances.

In the event of a favorable reception of this proposal you will submit for the consideration of the Danish Government a copy of the enclosed draft of a convention which, it is believed, while simplified in some respects as compared with the form signed in 1867, will completely effect the purpose designed.

You may say to his excellency the Minister for Foreign Affairs, in the event of his entertaining this proposal in the friendly spirit in which it is put forward, that it is thought desirable to bring the matter in definite shape before the Senate at an early day, and that if the subjoined draft convention is substantially accepted, I would be prepared to sign it with the Danish Minister at this capital on his receipt of telegraphed authority to that end.

You will use the cable freely in reporting your execution of this instruction, employing the cipher for all messages in this regard, and you will supplement your cabled reports with full details by mail.

I am [etc.]

JOHN HAY

⁶House Doc. No. 15, Part 7, 57th Cong. 1st Sess., p. 2795.

[Inclosure]

DRAFT CONVENTION WITH DENMARK

Convention between His Majesty the King of Denmark and the United States of America, to effect the cession to the United States of the Danish Possessions in the West Indies.

The United States of America and His Majesty the King of Denmark being desirous of confirming the good understanding which exists between them, have to that end appointed as Plenipotentiaries:

His Majesty the King of Denmark, _____, and the President of the United States, _____, who having mutually exhibited their full powers, found to be in due form, have agreed upon and signed the following articles.

Article I

His Majesty the King of Denmark agrees to cede to the United States immediately upon the exchange of ratifications of this convention the Islands of Saint Thomas, Saint John and Sainte Croix in the West Indies with the adjacent islands and rocks.

This cession conveys to the United States the said islands and appurtenances in full and entire sovereignty, with all the dominion, rights and powers which Denmark now possesses and can exercise in them, free and unincumbered by any grants, conditions, privileges of franchises in any way affecting or limiting the exercise of such sovereignty.

Article II

The aforesaid cession conveys to the United States the absolute fee and ownership of all public, Government or Crown Lands, public buildings, ports, harbors, fortifications, barracks and all other public property of every kind and description belonging to the Government of Denmark, together with every right and appurtenance thereunto appertaining.

It is however understood, that the Lutheran Congregation shall remain in possession of the churches which are now used by them, and that sums due to the Danish Treasury by individuals are reserved and do not pass by this cession.

Article III

The Danish subjects inhabiting said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the right to sell, or dispose of such property or of its proceeds, and they shall also enjoy all civil and religious liberties and be allowed to carry on their industry, commerce and professions, being subject to such laws as are applicable to other foreigners. In case they remain in the islands they may preserve their allegiance to the crown of Denmark by making within two years from the date of the exchange of ratifications of this convention a declaration of their intention to preserve such allegiance, in default of which declaration they shall be held to have renounced it and to have elected allegiance to the United States.

Article IV

Formal delivery of the territory and property ceded as aforesaid shall be made immediately after the payment by the United States of the sum of money stipulated in the Fifth Article hereof; but the cession with the right of immediate possession is nevertheless to be deemed complete on the exchange of ratifications of this convention, and any Danish troops which may be in the territory or islands aforesaid shall be forthwith withdrawn as soon as may be reasonably and conveniently practicable.

Article V

In full consideration of the cession of said islands to the United States, free of all incumbrance, the United States agrees to pay within ninety days from the date of the exchange of ratifications of this convention, in the city of Washington, to the diplomatic representative or other agent of His Majesty the King of Denmark duly authorized to receive the same, the sum of three and one half million dollars in gold.

Article VI

When this convention shall have been ratified by both the High Contracting Parties according to their respective procedure, the ratifications shall be exchanged at Washington as soon as possible within six months from the date hereof.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the English and Danish languages.

Done at ———, the ——— day of ———, in the year of Our Lord one thousand nine hundred.

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, February 3, 1900.

An important instruction was mailed to you 30th ultimo proposing purchase of Danish West Indies. I have conferred with Danish Minister here, who has advised his Government. You will be prepared to act on receipt of mailed instructions, being careful to impress upon Minister for Foreign Affairs the urgency of adhering to terms of my proposal, inasmuch as it is extremely unlikely that the Senate would assent to any modification. Time is most important.

HAY

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, February 19, 1900.

It is in many respects very desirable to have the convention signed here, especially to enable immediate submission to the Senate. Signature in Copenhagen would delay this three weeks. Nevertheless if the Danish Government has good reasons for the suggestion, and is prepared to sign the convention verbatim as submitted through you, you are authorized to sign it.

HAY

Minister Swenson to the Secretary of State

No. 150

AMERICAN LEGATION,
Copenhagen, February 22, 1900.

SIR: I have had the honor to receive your No. 86, of the 29th ultimo, with enclosure as therein stated, and your cablegrams of the 3d and the 20th [19th] instant, relative to negotiations for the cession of the Danish West Indies to the United States.

On the 5th instant I called on the Minister of Foreign Affairs, and on inquiring if he had received advices from the Danish Minister at Washington on this subject, was informed that he had received a cablegram from him Feb. 3, stating that on Jan. 30 he had mailed a communication to the Danish Foreign Office enclosing a copy of a draft of a convention for the cession of the Danish West Indies to the United States; that the sum offered was \$3,500,000; and that secrecy and early action were important. After consultation with

the Premier, who holds the portfolio of finance and of the colonies, he had instructed Mr. Brun to ask that the purchasing sum be raised to \$4,000,000.

Inferring that your cablegram to me, dated February 3, had been sent after Mr. Brun's interview with you on this point, I informed his excellency that telegraphic communications from you indicated that it was of the utmost importance that the terms of your proposal be adhered to; and that if the Danish Government was disposed to cede the islands to the United States, it would be well to take such preliminary steps in that direction as could be taken pending the arrival of the text of the proposed convention. I was informed that the matter would be taken up at once with the Minister of Finance, and that the importance of time and secrecy would be impressed upon all concerned.

Your No. 86, enclosing two copies of a draft of a proposed convention reached me Saturday morning, Feb. 10. In the afternoon I had conferences with the Minister of Foreign Affairs, the Director General and the Minister of Finance, who had familiarized themselves with the provisions of the draft received from Mr. Brun that day. We discussed these provisions, comparing them with those contained in the convention of 1867. Objections were raised to the sum offered; to that part of Article I providing that, "this cession conveys &c., &c., &c.,—free and unencumbered by any grants, conditions, privileges or franchises in any way affecting or limiting the exercise of such sovereignty;" and to Article III, on the subject of citizenship.

The first point, as to the sum offered was not urged strongly. On the second point, it was explained that the Danish Government desired to stipulate that the obligations entered into with the English West India and Panama Telegraph Co., and with the Floating Dock Co. at St. Thomas be recognized and respected by the United States. The former company, to which certain concessions had originally been granted Feb. 12, 1896, had recently been subsidized for a period of five years, to Jan. 1, 1905, in the sum of \$3,000.00 per annum from the treasury of St. Thomas and \$1,000.00 per annum from the Treasury of St. Croix. The latter company was on March 12, 1897, granted a monopoly for 21 years, securing exclusive right to adopt its own charges, regulations, etc. On the third point, the phrase, "being subject to such laws as are applicable to other foreigners" did not meet with approval, it being urged that the persons referred to ought to be accorded the same privileges, rights and immunities as are granted to citizens of the United States in the islands, and that Danish citizens inhabiting the islands ought to be given the opportunity to invest themselves with United States citizenship immediately after the convention takes effect.

A desire was also expressed to add a supplementary clause to Article II for the purpose of removing all possible doubt as to whether the stipulation that "sums due to the Danish Treasury by individuals are reserved and do not pass by this cession" covers sugar factory stock and mortgage securities in private plantations held by the Treasury in consequence of moneys loaned to private individuals. Charitable and other institutions were also referred to.

In addition, inquiry was made with respect to the political status and the relations of the islands to the United States after cession.

I stated that it was not the practice of the United States to embody in conventions for the acquisition of territory guarantees as to contracts, franchises, etc., calling particular attention to our late treaty with Spain on this subject, with the assurance that just and equitable treatment, with due regard for the obligations of international law, would be accorded in dealing with contracts entered into by the Danish Government. After some little discussion, it was conceded that the United States could not be expected to assume any obligations as to the concessions in question, especially with regard to the Floating Dock Co. On the subject of citizenship, the power of Congress to legislate, our naturalization laws enacted by virtue of such power, and naturalization by treaty were fully discussed; and the stipulation in our late treaty of peace with Spain was read. I expressed the opinion that the executive authorities desired to follow recent precedent in this matter, pointing to weighty reasons for so doing, especially at this time.

It was agreed that no stipulations would be necessary to secure the rights of charitable and similar institutions.

As bearing on the relations of the islands to the United States, after cession, especially with reference to customs regulations, I made general reference to the constitutional aspects of the case, and touched upon the President's policy, the Foraker Bill, and the recent report of the Committee on Ways and Means with regard to Porto Rico.

I added that in all matters pertaining to the islands, the Government of the United States could be relied upon to act with the utmost regard for the welfare and interests of the inhabitants; the nature and spirit of our Government as well as our past record in dealing with acquired territory affording sufficient guarantee in that direction.

I urged the considerations set forth in your communications to me for secrecy and an early acceptance of the proposed convention, without essential modifications. After these conferences, which were held Feb. 12, 15, 16, 20, 21 and 22, most of the objections to the provisions of your draft were withdrawn. One or two nonessential modifications may, however, be proposed, largely for political reasons.

On the 17th instant a Council of State, composed of His Majesty the King, His Royal Highness the Crown Prince, and the members of the Ministry, was held, at which His Majesty formally gave his consent to enter upon negotiations for the cession of the Danish West Indies to the United States. Though evincing no strong desire for the transfer of these colonial possessions to another power, His Majesty expressed the belief that the best interests of the islands would be subserved by cession to the United States.

On the 20th instant, the Premier called on me, at the Legation, stating that on the following day he and the Minister of Foreign Affairs were to meet with the Finance Committees of the two branches of the Rigsdag for the purpose of apprising them of the proposed negotiations. I had previously been informed that this would be necessary before any formal reply could be made to me in the matter; but had been given to understand that no difficulty would be experienced in securing the cooperation of the members. On the 22d I called on the two Ministers to ascertain the results of the meeting. I was informed that the draft of the proposed convention had been laid before the committees; that but little discussion and few expressions of opinion had ensued; but that some opposition had manifested

itself, one of the members of the Government party having been especially severe and outspoken in his antagonism. The Minister of Foreign Affairs was not pleased with the manner in which the proposal had been received by the committees, and expressed some apprehension that public agitation might prove disastrous to the negotiations. The Minister of Finance, however, anticipated but little difficulty from the opposition, saying that the combative propensities of the member who had been seized with such patriotic emotions were well known and that he had been prepared for trouble from that quarter. He made light of it, assuring me that it would receive but scant attention. I inquired if it was a fact that petitions were quietly being circulated against the sale of the islands, and that public meetings and agitation by the press were being considered, and, if so, what effect that would have. He replied that he understood that such petitions had been signed by a few persons and that some agitation might be looked for, but attached slight importance to it.

To-morrow the Rigsdag takes a recess until Tuesday, Feb. 27.

No meeting of the Finance Committees can be had before the 28th; and as the meeting referred to above was productive of no result, the Minister of Foreign Affairs will not be prepared to give a definite reply to your proposal till after the 28th instant.

The Minister of Foreign Affairs, desiring to have the convention concluded here to avoid the appearance that the proposal for disposing of the islands had come from the Danish Government, I cabled you, under date of the 19th instant, as follows: "Minister for Foreign Affairs wishes treaty concluded here. Cable authority to sign." On receipt of your telegraphic reply of the 20th instant, I communicated the contents thereof to the Foreign Office, and was informed that Mr. Brun had cabled similar advices on the same day. The Minister of Foreign Affairs wishes to give the matter further thought before replying. To-day he informed me that when an agreement shall have been arrived at on the text of the convention, he may conclude to authorize Mr. Brun to sign it at Washington.

My communication to the Foreign Office formally submitting a copy of the proposed convention for the consideration of the Danish Government was handed to the Minister of Foreign Affairs on the 20th instant.

A copy of the note is herewith enclosed.

You will find appended on the overleaf copies of the telegrams referred to above.

I have [etc.]

LAURITS S. SWENSON

[Inclosure]

Minister Swenson to the Minister of Foreign Affairs

No. 87

AMERICAN LEGATION,
Copenhagen, February 20, 1900.

EXCELLENCY: Referring to the interviews had with your excellency regarding the disposition of your Government to revive the negotiations which in 1867 resulted in the signature of a convention between the United States and Denmark for the cession of the Danish West India Islands, I now have the honor to transmit herewith a copy of a draft of a convention, which in obedience to instructions from the Secretary of State of the United States, I respectfully submit for the

consideration of the Danish Government. In the event that this proposal should be favorably received and substantially accepted by your excellency's Government, the Secretary of State desires me to inform you that he is prepared to sign it with the Danish Minister in Washington, who, he suggests, might be called authority to that end.

The considerations that make early action desirable have been fully discussed in my conversations with your excellency and Director General Krag on this subject; and I shall not at this time impress upon you the urgency of a speedy issue of the negotiations, lest I may appear discourteous or importunate. I am satisfied that you appreciate the circumstances as represented orally to you, and that you will expedite matters as much as is consistent with the nature and importance of the subject under discussion.

In his instructions to me, the Secretary of State refers to the cordial relations and the strong friendship subsisting between the two Governments, of which Denmark gave so conspicuous evidence in 1867 and which has since been testified in other ways; and he expresses the hope that the Danish Government will entertain the present proposal in the friendly spirit in which it is tendered.

I avail [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 151

AMERICAN LEGATION,
Copenhagen, February 28, 1900.

SIR: I have the honor to transmit herewith for your information a copy, together with a translation, of a note from the Minister of Foreign Affairs in reply to my communication of the 20th instant, a copy of which I forwarded to you in my No. 150, of the 22d instant.

I have [etc.]

LAURITS S. SWENSON

[Inclosure-Translation]

The Minister of Foreign Affairs to Minister Swenson

MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, February 23, 1900.

MR. MINISTER: I have the honor to acknowledge the receipt of your note of the 20th instant, transmitting, by order of the Secretary of State of the United States, a copy of a draft of a convention which he proposes to conclude with His Majesty's Government for the cession of the Danish West Indies to the United States, a copy of which draft I had already received from His Majesty's Legation at Washington.

Conformably to the disposition previously manifested to give earnest consideration to a proposal from your Government for negotiations looking to the cession of the Danish West Indies, and in a spirit corresponding with the cordial relations subsisting between the two Governments, His Majesty's Government will give its most conscientious consideration to the submitted proposal.

As I have had the honor to inform you orally, his Majesty's Government, after a preliminary examination of the proposal as drafted by your Government, is constrained to reserve the right of proposing certain modifications therein; and it is of opinion that the negotiations on this subject can be conducted to the best advantage in Copenhagen, where all the desirable information bearing on the points of detail can be procured without delay. Though the negotiations will of necessity require some time, I beg you to inform the Secretary of State that, in accordance with his desire, I shall expedite the matter as much as its nature and importance will permit, endeavoring at the same time to preserve secrecy, though it will be necessary to acquaint a certain number of persons with the subject.

His Majesty's Government believes that it ought to comply with your request eventually to have the convention signed at Washington, if your Government persists in such desire.

I avail [etc.]

N. F. RAVN

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, March 12, 1900.

Invite from Minister for Foreign Affairs statement of changes he desires to suggest and telegraph them to me in full, using cipher. Do not commit yourself to favorable or unfavorable opinion thereon unless expressly instructed.

HAY

Minister Swenson to the Secretary of State

No. 158

AMERICAN LEGATION,
Copenhagen, March 17, 1900.

SIR: I have the honor to acknowledge the receipt of your cipher cablegram of the 12th instant,⁷ and to confirm mine of the 16th instant,⁸ copies of which are enclosed herewith.

In my No. 150 of the 22d ultimo, I reported that the Minister of Foreign Affairs could take no definite action on your proposal before the Finance Committee of the Rigsdag had been further consulted regarding the terms of the convention and had given definite assurances of their assent to an eventual cession of the islands.

After some discussion of the matter, the committee in question addressed a written request to the Minister of Finance for certain information bearing on the contract and other obligations entered into by the Danish Government with the English West India and Panama Telegraph Company, the Floating Dock Company, at St. Thomas, and certain sugar factories. See my No. 150, of the 22d ultimo, with respect to these contracts, concessions and guarantees.

The desired information has not yet been furnished by the Minister of Finance; and hence the whole matter is in abeyance.

I have had frequent interviews with the Premier and the Minister of Foreign Affairs, and have made every effort consistent with courtesy and discretion to bring about definite action on the subject. The political conflicts in the Rigsdag have, however, during the present month, been of such all absorbing interest that the Danish West India question has been lost sight of.

As foreshadowed in my No. 154, of the 8th instant and reported in my cablegram as herewith,⁸ the disagreement between the Government and the Folkething has culminated in the resignation of the Ministry.

Though the resignation has not been made public, I know that it is in the hands of the King.

The proposed cession of the Antilles has in no manner contributed to the fall of the Ministry. There appears to be a strong sentiment in both branches of the Rigsdag in favor of such cession; and the Folkething, controlled by the opposition, is perhaps more favorable to it than is the Landsting.

⁷Printed ante.⁸Not printed.

The Premier and the Minister of Foreign Affairs are of opinion that the change of Ministry will have no other effect on the pending negotiations than to delay them somewhat.

The Rigsdag will likely adjourn about April 1; and unless summoned for an extra session, will not meet again till in October. As no elections intervene, it is thought that the attitude of the National Legislature on the West India question will undergo no change during the recess.

The Minister of Foreign Affairs believes that an extra session would be called for the purpose of taking action on the convention, as soon as it shall have been signed by the two Governments and ratified by the United States Senate. I consider the delay unfortunate.

There has been some agitation against selling the islands; and attempts have been made to arouse public sentiment against it on patriotic grounds. Meetings have been held, resolutions adopted, petitions circulated, etc. I enclose herewith a newspaper clipping,⁸ with translation, containing the text and the signatures of a petition of this nature. Most of the signers are men of prominence in the various walks of life; but the address has not made a strong impression on the Rigsdag or on the public.

What might be accomplished in this direction when the members of the Rigsdag return to their constituents, and especially if an extra session were to be called for dealing exclusively with this matter, I do not pretend to be able to foretell.

I am of opinion that the convention ought to be acted upon during the present session of the Rigsdag.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

[Extract]

No. 166

AMERICAN LEGATION,
Copenhagen, May 4, 1900.

SIR: Yesterday I had an interview with the new Minister of Foreign Affairs, Mr. Schested, in regard to continuing the negotiations for the cession of the Danish West Indies to the United States. He stated that he had not yet familiarized himself sufficiently with the subject to define his attitude definitely, but that he had already taken up the matter with a view of obtaining the necessary information for intelligent and businesslike action on the proposed convention. He admitted that he had at first been opposed to the sale of the islands on "lyrical grounds," but that a closer study of the conditions prevailing in these possessions had modified his views, and that sentiment would not influence him in dealing officially with the question. The agitation against the transfer had made more of an impression than he had looked for; but he thought that much of the opposition, which was largely the result of misrepresentations and lack of information, would disappear when the facts in the case became generally known. He had no knowledge of what action, if any, the Finance Committees of the Rigsdag had taken in the matter.

See my No. 158, of March 17, 1900. He added that as a matter of etiquette he should ascertain if the King had any desire to have the negotiations discontinued. * * * The public press has aired the fact that certain adventurers who have posed as official agents in this matter have been actuated only by selfish motives of pecuniary gain. Some of the members of the Rigsdag have had communication with these persons. In consequence, expressions are frequently heard to the effect that the honor and good name of the Danish Government and people have been compromised by disreputable persons who for the sake of notoriety and plunder have advertised to the world that the bankrupt Danish West Indies are on the market to be knocked down to the highest bidder, etc.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 172

AMERICAN LEGATION,
Copenhagen, June 20, 1900.

SIR: I have the honor to enclose herewith a copy, together with a translation, of a confidential note addressed to me by the Minister of Foreign Affairs, under date of the 18th instant relative to a cession of the Danish West Indies to the United States.

The new Ministry has devoted much time to an earnest and careful consideration of the conclusion that such cession is desirable and that the negotiations with the United States to that end ought to be continued. See in this connection my No. 158, of March 17 last, and my No. 166, of May 4th last.

Before entering the present Ministry some of the members were opposed to a transfer of the islands, and joined in signing the protest to the Rigsdag referred to in my No. 158, of March 17 last. Having been entrusted with the responsibilities of government, however, and having been called upon to make a thorough examination into the question, they take a more practical view of it; and the Ministry is now unanimous in its opinion that a sale is desirable. In an interview which I had with the Minister of Foreign Affairs yesterday, he took pains to assure me that the modifications requested by the Danish Government in the draft of convention submitted by the Government of the United States were not intended as a diplomatic move to break off negotiations, but as a frank and sincere effort to arrive at an agreement that would prove satisfactory, especially to the Rigsdag.

Popular agitation against the sale of the islands has ceased; and time has cooled the ardor of prospective reformers and promoters of enterprises looking to the revival of commerce between these colonies and the mother country.

The adventurers who have figured prominently in the newspaper interviews on this subject have lost their bearings, and will likely be less communicative for a while at least. Negotiations can now be conducted under more favorable conditions than a few months ago, as far as the Danish Government is concerned; and I trust that they may be carried to a successful termination.

I have [etc.]

LAURITS S. SWENSON

[Inclosure-Translation]

The Minister of Foreign Affairs to Minister Swenson

MINISTRY OF FOREIGN AFFAIRS,

Copenhagen, June 18, 1900.

MR. MINISTER: From interviews which my predecessor as well as I have had the honor of having had with you, you are acquainted with the main view of the King's Government on the proposal for a cession of the Danish West Indies which accompanied your note of February 20, last. You are aware that the King's Government would feel justified in ceding these islands, which for so long a time have belonged to the Danish crown, only in case it felt assured that the islands and their inhabitants would by passing to the United States, a large country, situated near by, gain a position preferable to what they may look forward to if they are to continue in the possession of distant little Denmark.

This point of view the King's Government must adhere to; especially as it is not the intention to give the inhabitants an opportunity to express themselves for or against cession by submitting the question to a vote. The King's Government accordingly presupposes; first, that the inhabitants who do not choose, within a term reserved for that purpose, to preserve their status as Danish subjects shall obtain, as soon as the cession shall have been effected, the rights enjoyed by American citizens; second, that simultaneously with the cession, they shall be exempted from all customs duties in their relations with the United States, or obtain, in this respect, at least the same advantages recently accorded to Porto Rico, so that the duties on goods entering the United States shall be greatly reduced and after a short period of transition entirely abolished.

You are also aware of the fact that the King's Government, which does not wish to consider the cession of the islands as a mere commercial transaction, asks as compensation only an amount sufficient to reimburse the Danish Treasury for sums, with accrued interest, advanced to the colonial treasury of the islands, to the commune of St. Croix, and to the stock-company, The Sugar Factories of St. Croix; also, by capitalization, for pensions which in consequence of the cession, would have to be paid to the functionaries of the islands.

Such reimbursement would require a compensation of four million dollars; and it is doubtful if the Government can obtain the assent of the Rigsdag to the convention if the purchasing price is fixed at only three and one half million dollars. In any case such assent can not be secured unless an absolute guarantee can be given that the Danish Treasury will be liable for no obligations after the cession has been made.

The draft submitted by your Government provides that the islands shall be free from all encumbrances limiting the exercise of sovereignty. There are, as you know, a number of such encumbrances in the islands; notably, a monopoly exercised by the St. Thomas Floating Dock Company, a concession granted to a telegraph company, and a guarantee by the colonial treasury of a certain rate of interest to the stockholders of the sugar factories. More detailed information on this subject will be placed at your disposal if you so desire. Of such rights, duly acquired, the King's Government can not divest the possessors; as that would be a violation of the laws at present in force in the islands, and which presumably would continue in force, at least temporarily after an eventual cession.

The Government of the United States would, therefore, have to pledge itself to indemnify the Danish Treasury for claims that might be made against it by parties considering themselves damaged in consequence of the cession, in their rights of monopoly, privileges, concessions, the above mentioned guarantee, or similar claims. I feel confident that when the above considerations are brought to its attention, the Government of the United States will admit their justness, and in that case take them into consideration and submit a new project of a convention in conformity with the points developed above. Such project would be conscientiously considered by the King's Government as a basis for negotiations between the two Governments.

I avail [etc.]

SCHEDSTED

The Secretary of State to Minister Swenson

No. 109

DEPARTMENT OF STATE,
Washington, November 16, 1900.

SIR: I have to acknowledge the receipt of your No. 172 of the 20th of June last, enclosing a confidential note of the Danish Minister of Foreign Affairs, of the 18th of the same month, in relation to the project of convention heretofore submitted by this Government for the session of the Danish West Indies to the United States.

The willingness of Denmark to transfer the islands to the United States, if satisfactory terms could be agreed on, having previously been intimated, the Minister of Foreign Affairs states that his Government would consider itself justified in making the cession only in case it felt an assurance that the islands and their inhabitants would gain an advantage by the transaction: that it must adhere to this position, especially as no vote of the inhabitants is to be taken: and consequently that certain modifications of the project of convention must be presupposed as a basis of negotiation. Should these modifications be made, it is declared that the new project will be conscientiously considered as a basis on which the two Governments may treat.

Fully appreciating the motive avowed by the Danish Government, and sharing its wishes for the welfare and prosperity of the islands and their inhabitants, this Government has carefully considered the proposed modifications, with a view to meet them in such a manner as to lead to a mutually satisfactory result.

The desired modifications which are four in number may be discussed *seriatim*.

1. The project heretofore submitted provides (Article III) that Danish subjects inhabiting the islands may, in case they remain there preserve their allegiance to the Crown of Denmark by making, within two years from the date of the exchange of ratifications of this convention, a declaration of their intention to preserve such allegiance, in default of which declaration they shall be held to have renounced it and to have elected allegiance to the United States.

The Danish Government asks that the inhabitants of the islands who do not within the designated term elect to remain Danish subjects "shall obtain, as soon as the cession shall have been effected, the rights enjoyed by American citizens."

It is believed that the wishes of the Danish Government may be fully met by so amending Article III as to make the clause in question read as follows:

In case they remain in the islands, they may preserve their allegiance to the Crown of Denmark by making within two years from the date of the exchange of the ratifications of this convention a declaration of their intention to preserve such allegiance, in default of which declaration they shall be held to have renounced it, and to have elected allegiance to the United States.

2. The second modification desired by Denmark is that it shall be provided that the islands shall be exempt from customs duties in their relations with the United States, or that they shall have at least the same advantages as were recently accorded to Porto Rico.

This modification if embodied in the treaty would limit and direct the legislative discretion of the Congress, which it is not practical to do. In point of fact, the ceded Danish islands would necessarily

share in the administrative scheme of Porto Rico, to which they are adjacent, and it is not supposable that the Congress in legislating for their governance would impose unfavorable conditions upon them. Another reason for omitting a conventional stipulation in this regard is that the question of the commercial relations of our lately acquired islands to the Union as well as the citizenship of their inhabitants remains to be passed upon by the Supreme Court of the United States and the decision of that tribunal would be final and conclusive as to both legislative and administrative discretion.

3. The third modification relates to the amount of the pecuniary compensation desired by Denmark for the cession. The note states that Denmark desires only enough to reimburse the Treasury for sums with interest, advanced to the colonial treasury, to the commune of St. Croix, and to the stock company called The Sugar Factories of St. Croix, and to capitalize pensions which, in consequence of the cession, would have to be paid to the functionaries of the islands. It is said:

Such reimbursement would require a compensation of \$4,000,000: and it is doubtful if the Government can obtain the assent of the Rigsdag to the convention if the purchasing price is fixed at only \$3,500,000. In any case such assent cannot be secured unless an absolute guarantee can be given that the Danish Treasury will be liable for no obligations after the cession has been made.

The statement made in the last sentence will be considered in connection with the fourth modification, and we may now examine the grounds on which a pecuniary compensation of four million dollars is understood to be suggested.

As the Department is advised, the sums, with interest, described as advanced to the colonial treasury, to the commune of St. Croix, and to the stock company called The Sugar Factories of St. Croix, amounted at a recent date to 12,094,582.27 crowns, or, a Danish crown being equivalent to about 27 cents, to \$3,030,000 approximately. But of this amount which is more than three fourths of the maximum compensation suggested, more than two thirds appear to be composed of three items, as follows: An item of 7,924,915.43 crowns, or about \$1,982,000, described as moneys due the Danish Treasury from the West India colonial funds, an item of 567,366.72 crowns, with accumulated interest amounting to 340,419.90 crowns representing moneys lent by the Danish Treasury to St. Croix, and an item of 472,060 crowns, representing circulating West India credit bills. It is, moreover, understood that of late years the annual deficit has been about \$140,000, with an annual accumulation of interest of more than \$5,000.

The three items above described, which aggregate 9,304,762.05 crowns, equivalent to about \$2,300,000, or considerably more than half the suggested maximum apparently represent merely sums which Denmark, as the sovereign of the islands, has been obliged to expend in their government, in consequence of a deficiency of colonial revenues; sums which, save in the sense of domestic bookkeeping, do not in any manner constitute a debt, or, with the possible exception of the comparatively small item of West India credit bills, involve any future liability. This being so, those items seem for the most part to bear no relation to the amount of compensation to be paid, unless as an argument for reducing it, for the cause of their existence being a deficiency of colonial revenue, it is obvious that they

denote an apparent decrease in the value of the islands, and that, if adopted as the basis of compensation, they must, while steadily draining the Danish Treasury, soon render a cession of the islands impossible.

The whole amount due from The Sugar Factories of St. Croix, which is understood to be a private company conducting a central factory for the grinding of cane, is said to be 2,789,820.22 crowns. For this amount the Danish Government appears to hold securities, which would, it is assumed, if this Government should take upon itself any liability in the matter, be transferred to the United States.

The amount required for the capitalization of pensions has been placed at 4,662,000 crowns. This is, however, only a rough estimate, and it is probable that the amount is to a considerable extent within the control of the Danish Government. In the draft of budget for the municipality of St. Thomas and St. John for the year ending March 31, 1900, the total amount for pensions is \$10,350.78, and, in the draft of budget for St. Croix \$7,127.25. The amount for all the islands therefore was \$17,478.03. This would represent, at a rate of interest as low as three per cent, a capital of about \$582,601, so that, if 4,662,000 crowns were allowed on the score of pensions, almost an equal additional capital would be afforded for new pensions, even at the rate of three per cent. But with French three and a half per cents selling barely above par, and German Imperial threes at 86, three per cent is a very low rate to assume as the basis of capitalization.

4. The fourth modification relates to the proposal of the United States for the cession of an unencumbered sovereignty. The project submitted by this Government provided (Article I) that the sovereignty of Denmark should be ceded

free and unincumbered by any grants, conditions, privileges or franchises in any way affecting or limiting the exercise of such sovereignty.

The note of the Minister of Foreign Affairs states that there are a number of such encumbrances in the islands, and particularly a monopoly exercised by the St. Thomas Floating Dock Company, a concession granted to a telegraph company, and a guarantee by the colonial treasury of a certain rate of interest to the stockholders of The Sugar Factories; that the King's Government cannot divest the possessors of these rights without a violation of law, and that the United States would have to pledge itself to indemnify the Danish Treasury in respect of claims which might be made against it by parties considering themselves damaged by the cession in their "rights of monopoly, privileges, concessions, the above mentioned guarantee or similar claims." The note also states that more detailed information on these matters will be furnished, if it be desired. Such information will be desired, if the United States should consent particularly to assume any obligation of the class in question, but it may be expedient without further delay to examine the subject in the light of information already furnished.

By the drafts of budget for the year ending March 31, 1899, and your No. 148 of February 22, 1900, it appears that the telegraph company referred to is the West India and Panama Telegraph Company, Limited. It appears that the original concession was made on February 12, 1869, and that a subsidy has lately been granted to the

company for five years, till January 1, 1905, of \$3,000 a year from the treasury of St. Thomas and St. John, and \$1,000 a year from the treasury of St. Croix; in all, \$4,000 annually for the term specified.

The St. Thomas Floating Dock Company obtained March 12, 1897, a grant for twenty-one years of a monopoly which gives it the right during that term to make charges and regulations in its business, but apparently entails no expense upon the government.

The guarantee of interest on the securities of The Sugar Factories of St. Croix is stated to have been given under the law of February 25, 1876, and the ordinance of June 16 of the same year. It seems that the Danish Government holds a mortgage on the property of the company to the amount of 1,414,784.57 crowns, and has guaranteed interest at the rate of five per cent on bonds to the amount of 1,070,000 crowns, and on preference shares to the amount of 345,000 crowns. The amount which the Government is required to expend under this guarantee apparently varies with the surplus earnings of the company overrunning expenses. The amount in the drafts of budget for 1899-1900 was \$45,275.98. The surplus earnings of the company from 1877 to 1897, seems to have varied all the way from \$1073.20 (1880-1881) to \$94,243.13 (1883-1884) a year, the usual surplus being nearer the former sum than the latter. For 1896-1897, the last year for which figures have been given, it was \$20,257.55. It appears therefore that the guarantee in question involves a real and substantial pecuniary liability.

In view of this liability and of the subsidy pledged to the telegraph company, and in view also of the fact that the greater part of the maximum pecuniary compensation suggested by Denmark represents an item which so far as it has any relation to the subject, bears an inverse ratio to the value of the islands, this Government, whose offer of \$3,500,000 presupposed the transfer of a free and unencumbered sovereignty, is of opinion that, if it should assume the obligations which the Danish Government has specified, it should not pay that Government more than \$3,250,000 in cash, and it is also of opinion that, if it should expressly assume those obligations, which, as they are the only ones that Denmark has mentioned, presumably are all that exist, it should not suggest the setting up of groundless demands, to the annoyance of both Governments by inserting in the treaty a general and indefinite engagement to indemnify Denmark against the claims of those who may imagine themselves to have been damaged by the cession. And it is to be understood that the offer of \$3,000,000 is made on the assumption that the obligations in question will not upon investigation prove to be more onerous than they now appear to be. On the other hand the United States would undertake to pay, for a cession unencumbered by pecuniary obligations, the sum of \$3,750,000.

A draft of a convention, in which the former alternative is embodied, is herewith enclosed.^a It may readily be so altered as to give effect instead to the second alternative, of a larger cash payment for a sovereignty free from pecuniary obligations, should Denmark prefer that plan.

^aNot printed.

You are directed immediately to present the whole subject to the Danish Government in the sense of this instruction, and to report fully your proceedings, together with all the pertinent information that you may be able to obtain.

I am [etc.]

JOHN HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, November 27, 1900.

Article III, amended convention, is worded identically as heretofore. Your despatch names three millions, the convention three millions and a quarter. Cable corrections.

SWENSON

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, November 28, 1900.

Three and one quarter millions is the lesser alternative sum. Alter instructions to agree.

As to Article III, we believe all that Denmark desires in favor of inhabitants remaining under our flag will be accomplished by the original proposal to permit election of allegiance to the United States.

It is the natural converse of the permission to elect retention of Danish allegiance. If however, Denmark insists on a formula which shall put the inhabitants electing American allegiance on the same footing as Porto Ricans, you may suggest inclusion of the appropriate clause found in Article 9 of our treaty of peace with Spain as follows:

The civil rights and political status of the inhabitants of the Islands hereby ceded to the United States shall be determined by the Congress.

HAY

Minister Swenson to the Secretary of State

No. 185

AMERICAN LEGATION,
Copenhagen, November 29, 1900.

SIR: I have had the honor to receive your No. 109, dated the 16th instant, enclosing an amended draft of a convention for the cession of the Danish West Indies to the United States. In discussing the modifications of the project of convention desired by the Danish Government; you say: [Repeats clause 1.]

Inasmuch as this suggested amendment of Article III is worded identically as the original clause—both in your dispatch and in the amended project enclosed therewith—I fail to understand wherein the amendment consisted; and thinking that a clerical error might possibly have been made, as was actually the case in naming the

lesser alternative sum in your dispatch, I sent you a cipher cablegram, on the 27th instant, the true reading of which was as follows: [Printed *ante*.]

I have, accordingly, this day presented the whole matter to the Danish Government in the sense indicated in your dispatch. The Minister of Foreign Affairs assures me that the subject will be given immediate and earnest consideration, with a view to reaching an early agreement.

I have [etc.]

LAURITS S. SWENSON

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, February 16, 1901.

What progress, if any, in negotiations for islands? The papers report contradictory statements, but nothing heard from you or the Danish Minister.

HAY

Minister Swenson to the Secretary of State

No. 190

AMERICAN LEGATION,
Copenhagen, February 23, 1901.

SIR: Referring to my telegram of the 18th instant^a and to my No. 189,^a of the following day, confirming the same, I have the honor to transmit herewith a copy, together with a translation, of a note, which the Minister of Foreign Affairs addressed to me on the 21st instant, proposing certain changes in the amended draft of a convention for the cession of the Danish West Indies to the United States which I submitted November 29 last, in obedience to your instructions.

I have [etc.]

LAURITS S. SWENSON

[Inclosure—Translation]

The Minister of Foreign Affairs to Minister Swenson

MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, February 21, 1901.

MR. MINISTER: In connection with my preliminary note in which I acknowledged the receipt of your communication of November 29 last, I have the honor to request that you be good enough to inform the honorable Secretary of State at Washington that the King's Government has considered most carefully the amended draft of a convention for the cession of the Danish West Indies to the United States submitted by your Government.

After such examination the King's Government is still unable to consider as satisfactory the stipulations contained in the projects regarding the rights guaranteed to the inhabitants of the islands as well as the amount of the consideration offered; and in consequence it does not dare to hope that it would be able to obtain the consent of the Rigsdag to the amended draft of convention.

^a Not printed.

Regarding the first point, the Government, which is unable to see any real change in the clauses in question contained in Article III of the new project, does not think that it ought to accept a less favorable condition for the inhabitants of the islands now than was assured them by Article 3 of the convention of October 24, 1867, whereby they were given the option of preserving their former allegiance to the crown of Denmark or acquire the rights of citizens of the United States. In this connection the Government must insist on securing for the islands free trade with the United States; as it seems natural that in this respect they ought to be given a position identical with that secured to Porto Rico after March 1 next year. Regarding the compensation offered, the Government first begs to observe that this is not to be considered as a purchasing sum for which the United States would eventually acquire the claims and demands which the Danish Government at present possesses the right to enforce against the colonial treasuries; inasmuch as it is the desire to rid the islands of this debt and their consequent cramped situation, without necessitating a loss on the part of the Danish Treasury of the sums that it has loaned or advanced to the colonial treasuries, and thereby make a better financial and economic future for the islands possible, that after all, should induce Denmark to transfer these islands to a foreign Government. The Government must therefore expressly guard against the possibility of eventually construing the wording of Article I, "This cession conveys to the United States the said islands and appurtenances in full and entire sovereignty, with all the dominion, rights, and powers, which Denmark now possesses and can exercise in them . . .," to import that the financial claims now held by Denmark against the colonial treasuries had been transferred to the United States. Though the Government of the King believes itself in full accord with the Government of the United States on this point, it being assumed that the latter agrees with the former in regard to this matter, it nevertheless considers it desirable in order to avoid possible misunderstanding and to reassure the inhabitants of the islands, that this view should be expressly embodied in the text of the convention, so that it should be stipulated that in the event of the transfer of the islands the colonial treasuries were to be considered released from their debts and obligations to the Danish Government Treasury.

In placing the amount of the consideration at four million dollars, the Government has taken into consideration not only the loans and advances made by the Danish Treasury, but also all the various obligations and encumbrances that would devolve upon said treasury in consequence of a cession. It has accordingly, among other things, found it necessary to have in view the fact that it would be compelled to seek the consent of the Rigsdag to effecting an arrangement with the joint-stock company St. Croix Fallessukkerkogerier (Cooperative Sugar Factories of St. Croix) whereby that company would relinquish its claims to the 5% interest guaranteed it by the colonial treasury of St. Croix. In order that the principal object of an eventual session may be realized—namely to secure for the islands a happier future and a better economic development than they have enjoyed heretofore and for which a release of the colonial treasuries from their present burdensome obligations must be considered necessary—and in order that the Danish State Treasury may receive full compensation for the sacrifices already made as well as for eventual future obligations; the consideration must, in the opinion of the Government be placed at four million dollars.

In addition, it would have to be agreed by the two Governments that while in that event the colonial treasury would have to continue to discharge its pecuniary obligations towards the West India and Panama Telegraph Company as a compensation for the maintenance by said company of telegraphic communication between the islands and the surrounding world, the Government would have to seek the consent of the Rigsdag to releasing the colonial treasury of St. Croix from its present obligations towards the Danish State Treasury and to an arrangement whereby said colonial treasury would be released from its guarantee of interest to the stockholders in the St. Croix Fallessukkerkogerier, which consent would have to be secured before the conclusion of an eventual convention. The United States would, on the other hand, bind itself to respect the concession granted to the Floating Dock Company of St. Thomas March 12, 1897, in accordance with the terms of which no other floating dock can be built in that harbor within 21 years of said date or any slips for ships of more than 200 tons, excepting the one now existing, whose enlargement the company's monopoly shall not hinder.

In case the accession of the United States Government to the amendments of the draft as indicated above should be secured, I beg to call attention to some minor modifications that would have to be made in the convention.

To Article II, clause 1, it is desired to add: "The public foundations shall continue to be applied in conformity with their destination." [English text in note.] The sums in question which amount to \$78,108.21 in St. Croix and to \$100,941.84 in St. Thomas and St. John, are applied mostly for the benefit of the poor, partly to encourage labor immigration. To clause II of the same article it is desired to add to the words, "Sums due to the Danish Treasury by individuals," the words, "including property taken over by the Danish Treasury for sums due to the same by individuals," inasmuch as it seems natural that the plantations that the State Treasury has had to take possession of as creditor should not be included in the transfer.

These plantations, which are located on St. Croix are entered on the books for \$47,946.17.

To article III it is desired to add a provision that Danish subjects not living in the islands but owning property there shall not in any way be affected in their property rights by a cession.

Finally it is desired to add the following words to article IV: "Their arms as well as the military stores existing in the said territory or islands are not included in the cession."

I avail [etc.]

SCHESTED

Minister Swenson to the Secretary of State

[Extract]

No. 193

AMERICAN LEGATION,
Copenhagen, March 11, 1901.

SIR: You will have observed from the note transmitted to you with my No. 190, of the 23rd ultimo, regarding the sale of the Danish West Indies, that the modifications therein proposed were to a great extent inspired by the Danish Rigsdag. A number of communications regarding this matter were exchanged between the finance committees of the two houses of that body and the Foreign Office, with the result that the Minister of Foreign Affairs considered it advisable to propose certain changes in the amended draft submitted to him last November. The present Ministry is politically weak, being opposed by a large and aggressive majority in the lower house of the Rigsdag and being supported only in a half-hearted way by a faction within its own party sufficiently large to reduce its majority to one or two votes in the upper house whenever important differences in political policy arise.

As a result of this condition, the Ministry is lacking in self-confidence and in courage to take the initiative in important matters. It is therefore natural that it should manifest a strong tendency to defer to the Rigsdag even on what may seem nonessential points of detail in conducting the negotiations for the sale of the Danish West Indies. There is a dreaded apprehension on the part of the Ministry lest the Rigsdag might try to embarrass the Government for political purposes after an eventual convention should have been signed. To forestall this, the Rigsdag is asked in advance what terms it would consider satisfactory in the event of a sale.

I am acquainted with the contents of the correspondence referred to above; and I am kept well informed of what the members of the Ministry, the members of the Rigsdag, and other persons of influence, say and do privately regarding this matter.

The modifications considered most important by the Rigsdag are those concerning the rights and political status of the inhabitants

after an eventual cession, and the customs relations between the islands and the United States. The Foreign Office realized the difficulties of embodying provisions on the latter point in the treaty. It is, however, important that this subject be covered fully in the correspondence exchanged, and that such assurances as can be given in the line desired by the Danish Government be made in a manner that would tend to satisfy the Rigsdag.

In former dispatches, I have spoken of the King's attitude regarding a cession of the islands. He dislikes to part with them; but feels that the offer of the United States ought to be accepted, if the transfer can be made on such conditions that the best interests of the inhabitants will be subserved thereby.

This is also the view of the Ministry and a majority of the Rigsdag. The finance committees of the Rigsdag have committed themselves to a sale, on the conditions set forth in the note from the Minister of Foreign Affairs referred to above. You will, therefore, see the importance of acceding to as many of the proposed changes in the draft as possible.

It would be well if an answer from the United States Government could reach the Foreign Office before the dissolution of the present Rigsdag, which will probably occur the first week in April.

Prominent business men are quietly trying to induce the Government to break off the negotiations; and are proposing plans whereby, with the cooperation of the Rigsdag, they would make an effort to improve the economic and commercial conditions of the islands.

The general manager of the East Asiatic Steamship Company, Mr. Anderson, is especially active in this work. Admiral Richelieu, who is soon expected to return from Spain, whose navy he is said to have built up, and who has been a prominent political and commercial factor there for a number of years, is also exerting his influence to further this plan. He will in the near future be elected President of the United Steamship Company, one of the largest navigation companies in the world.

Director Gluckstadt of Landmandsbanken, is also associated with these men. * * *

Some of these men recently held a secret meeting with members of the Finance Committees of the Rigsdag, to impress their views upon them and to interest them sufficiently in their plans to secure the desired appropriations for supporting private initiative in the direction indicated above. I have learned what transpired in this meeting. Nothing of importance was accomplished.

The Rigsdag appears to be of the opinion that sacrifices enough have already been made by the Danish Treasury for the benefit of the islands; and that if anything further is to be done, it will have to be undertaken by private initiative, unaided by financial support on the part of the Government.

Mr. Anderson expresses entire confidence in his ability to formulate a plan for the improvement of the islands that will meet with the approval of the Rigsdag; in which event the Minister of Foreign Affairs will feel constrained to break off the negotiations now being conducted between the United States and Denmark.

I think he is somewhat sanguine and overconfident in his ability to accomplish all this; nevertheless it is one of the factors we have to reckon with.

The Minister of Foreign Affairs is a little apprehensive lest the Folkething might suddenly change front on the question for political reasons.

The above, which gives the situation as it is at present, may help to enlighten you on one or two points.

I have [etc.]

LAURITS S. SWENSON

The Secretary of State to Minister Swenson

No. 111

DEPARTMENT OF STATE,
Washington, March 26, 1901.

SIR: I have given careful consideration to the views of the Danish Minister for Foreign Affairs in regard to the bases of a treaty for the cession of the Danish West Indies to the United States, as set forth in his excellency's note to you of 21. February last, copy and translation of which accompanied your despatch No. 190 of the 23d of the same month.

On most of the points advanced by his excellency I am happy to find myself either in agreement, or in a position to concede the requests of the Danish Government, leaving two matters as to which complete concession on the part of the United States is not practicable at present, for reasons hereinafter stated, to wit: the civil status of the inhabitants of the ceded territories, and the commerical relations of the islands with the United States. The points upon which material accord is reached are, however, so vital to the negotiation, and so conclusive in removing the substantial obstacles which have heretofore existed to a satisfactory outcome that I entertain the belief that the way is now open for the acceptance by Denmark of the modified draft hereto appended, in which I have incorporated the essential changes suggested by M. de Schested.

In considering these amendments it will be convenient to follow the order in which they appear in the present draft.

ARTICLE I. The following change has been made at the end of the first paragraph:

comprising in said cession all title and claim of title to the territories in and about said islands over which the Crown of Denmark now exercises, asserts or claims jurisdiction.

This phraseology follows the language of the convention recently concluded between the United States and Spain to remedy a textual defect in the description in ceded Philippine Archipelago which was found to exist in the Treaty of Peace of December 10, 1898. It is believed to be a more convenient and practical definition of the cession than the formula employed in the earlier draft.

In the second paragraph of the same article the ceded sovereignty is further defined as "unincumbered" since it appears from the Danish presentment of the facts and arguments which, in its view, warrant and require the assessment of the compensation at four million dollars, that the sovereignty is in fact intended to pass without incumbrance on the part of the insular treasuries to the United States, and without the assumption by the United State of pecuniary obligations, whether at the insular treasuries or to other parties.

The statement of M. de Schested as to the propriety of excluding any interpretation whereby the United States might eventually acquire and enforce the claims and demands which the Danish Government at present possesses the right to enforce against the colonial treasuries, coincides with the desire and purpose of the United States in this regard. It is our wish to acquire the islands free from all debt and incumbrance whatsoever, a wish which would not be realized were the burdens under which they now labor merely assigned to the United States. As it appears to be his excellency's view that doubt might arise on this point, I have added to the wording of the second paragraph of Article I the following proviso:

It being however understood and agreed that the consummation of said cession does not import the transference to the United States of the financial claims now held by Denmark against the colonial treasuries of the islands, but that the colonial treasuries are to be considered released from their debts and obligations to the Treasury of the Danish Government, and, it is, moreover, understood and agreed, that the United States will assume and continue to discharge from the time of the cession the current obligations heretofore contracted by the Danish Government towards the St. Thomas Floating Dock Company, and the West India and Panama Telegraph Company, the Danish Government transferring to the United States any pledges or securities which it may hold for its protection or reimbursement in respect to said companies.

With respect to the concluding passage of this proviso, it is the understanding of the United States that no incumbrance, governmental or financial, devolves upon the United States or attaches to the islands in connection with either of the corporations named.

The current arrangements with those companies pass with the transfer of sovereignty, the United States enjoying the rights and privileges heretofore enjoyed by Denmark, as regards the use of the dock and the business of the telegraph companies, while the companies remain responsible to us instead of Denmark for the observance of their obligations to the State. As a fact, much the same thing has taken place with regard to telegraphic and other cessions in Puerto Rico and the Philippine Islands, and, if my understanding of the relation between the companies named and the Danish Government be correct, I see no objection to meeting the views of his excellency in relation.

ARTICLE II. The concluding suggestion of his excellency's note, that the arms of the Danish troops and the military stores in the said territory or islands shall not be included in the cession of the islands, has my entire acquiescence. In giving it conventional shape, however, it has seemed to me to be convenient to incorporate it as a proviso to the first paragraph of Article II, and in doing so I have followed the general lines of the similar stipulation contained in the Treaty of Peace between the United States and Spain, wording it as follows:

It being however agreed that the arms and military stores existing in the islands at the time of the cession and belonging to the Government of Denmark shall remain the property of that Government and may be removed by it within six months from the date of the exchange of ratifications of this convention, but in the meantime the Government of the United States shall have the option to purchase said arms and military stores upon satisfactory agreement with the Government of Denmark to that end.

I recognize the weight of M. de Schested's proposal that there be added to Article II a proviso that sums due to the Danish Government by individuals shall cover property taken over by the Danish

Treasury for sums due to the same by individuals. In as much, however, as the described plantations on the Island of St. Croix, which have been taken over by the Danish Treasury as security for loans to the planters to the amount of \$47,946.17 could hardly be expected to remain the property of the Danish Crown under the changed sovereignty of the territory, it has seemed expedient to give to the proviso the following form:—

And where the Danish Government shall at the time of the cession hold property taken over by the Danish Treasury for sums due by individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds within _____ months from the date of the exchange of ratifications of this convention.

ARTICLE III. After earnest consideration of the view of the Danish Government that the political status of the inhabitants of the ceded islands shall be defined as in Article III of the convention of October 24, 1867 so that they shall be given the option of acquiring the rights of citizens of the United States, I am unable to concede the point to the extent contemplated in M. de Schested's note. In view of the pendency of judicial decisions with regard to the status of the inhabitants of the territories lately ceded by Spain to the United States, and in view of the fact firmly established under our Constitution that the Congress alone has the power to prescribe rules of naturalization, it is found impracticable to embody any express provision to that end in a treaty, the making of which is an executive, not a legislative function. The contingency of legislation to prescribe the civil and political status of the inhabitants of the Danish Islands should properly be recognized in the pending negotiation no less than it is recognized as an existing fact with respect to the inhabitants of Puerto Rico. It is to be borne in mind that the Danish Islands are closely adjacent to Puerto Rico, and every geographical, economical and political consideration points to their being embraced in the same measure of privilege as Puerto Rico, not only as relates to the civil status of the inhabitants but as to their commercial advantages; and this appears to be the expectation of the Danish Government. Desirous of meeting the Danish view as far as possible, I am prepared to modify Article III and provide that the inhabitants of the islands accepting allegiance to the United States may be admitted to the nationality thereof on such terms as may be provided according to the laws of the United States, the determination of their civil rights and political status being left to the Congress. In this sense the relevant part of Article III has been recast as follows:

In case they remain in the islands they may preserve their allegiance to the Crown of Denmark by making before a court of record, within two years from the date of the exchange of ratifications of this treaty a declaration of their decision to preserve such allegiance—in default of which declaration they shall be held to have renounced it, and to have accepted allegiance to the United States, but such election of Danish allegiance shall after the lapse of said term of two years, be a bar to their renunciation of their preserved Danish allegiance and their election of allegiance to the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States, for other inhabitants of the islands.

The civil rights and the political status of the native inhabitants of the islands shall be determined by the Congress.

Should the Danish Government raise objection to the foregoing last two lines, you may assent to their omission, pointing out that the antecedent clause

admission to the nationality thereof on the same terms as may be provided according to the laws of the United States for other inhabitants of the islands

conveys substantially the same meaning, but in acquiescing in such omission you should give M. de Schested to understand that we are unable to suggest or admit any substitutionary provision of different import.

It will be noticed that a clause is added, providing for the subsequent acquisition of the nationality of the United States by any Danish subject who may have elected Danish allegiance under the general provision of the article. This is put forward as a convenient concession to Danish interests in the islands but if His Majesty's Government should not think it necessary, it may be omitted.

The proposal to add to Article III a provision that Danish subjects not living in the islands but owning property there shall not in any way be affected in their property rights by the cession, is cordially accepted. This Government can see no good reason for discriminating between insulars electing Danish allegiance and residence while retaining their insular property rights unimpaired, and native Danes owning insular property. The suggested proviso has accordingly been added in the following words:

Danish subjects not residing in the islands but owning property therein at the time of the cession shall retain their rights of property, including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish subjects residing in the islands and remaining therein or removing therefrom, to whom the first paragraph of this article relates.

ARTICLE IV remains unchanged.

ARTICLE V. In consideration of the statements made in the note of the Minister of Foreign Affairs in regard to the nature and amount of the financial obligations entailed upon the Danish Treasury by an unincumbered cession, and particularly in view of the exposition of the relation of the Cooperative Sugar Factories of the St. Croix to the Danish Government and the necessity of procuring the sanction of the Rigsdag to the annulment of the charter of that corporation, this Government is willing as a final concession, to increase its maximum offer to the sum asked by Denmark, to wit, \$4,000,000; in the understanding that this sum is in full consideration for a free and unincumbered cession.

I do not understand that the "public foundations" to which his excellency refers, (amounting to \$78,108 in St. Croix and to \$100,-941.84 in St. Thomas and St. John) are incumbrances upon the sovereignty or title of the islands which the United States Government is asked to assume. They would appear to be akin to our incorporated charities. If so, there is no discernable ground for their diversion from their charitable purpose.

Their continuance would appear to be a proper subject for regulation by the future municipal government of the islands, and this, following the Puerto Rican precedent will doubtless have ample powers to deal with them for the benefit of the poor, and to apply their proceeds as now. It would not be practicable for this Government to legislate upon the matter by treaty, and moreover, the circumstance that the foundations in question are partly applied "to encourage labor emigration" would make it impossible for the United States to intervene to apply the funds in any way, for our contract labor laws would be a bar to doing so. I am obliged therefore to omit the

said foundations from consideration in estimating the sum to be paid. In fixing that sum at four million dollars, you must be careful to make it clear that our maximum limit is reached, and that this is done only in consideration of the cession of the islands, "in full, entire, and unincumbered sovereignty" as now stated in Article V.

All of the points presented in M. de Schested's note have thus been passed in review, and in great part incorporated in the accompanying amended draft.⁸ The proposal that the convention shall regulate the future trade relations of the islands with the United States deserves, however, more extended notice than is above given to it.

M. de Schested says:

In this connection the Government must insist on securing for the islands free trade with the United States; as it seems natural that in this respect they ought to be given a position identical with that secured to Puerto Rico after March 1 next year.

I quite agree with his excellency, that it is natural for the economic and tariff systems of the islands to be on a footing similar to those of Puerto Rico. Unless a separate scheme of government should be adopted for the Danish group, which is deemed unlikely, it is almost a certainty that their administration will be, in the regular course of events, on a parity with that of the neighboring territory of Puerto Rico. It will be seen from the third section of the Puerto Rico Civil Government and Revenue Act approved April 12, 1900, that the trade relations between Puerto Rico and the United States are predicated upon the capacity of that island for self-supporting local administration. It is therein provided that

whenever the legislative assembly of Puerto Rico shall have enacted and put into operation a system of local taxation to meet the necessities of the government of Puerto Rico by this Act established, and shall by resolution duly passed so notify the President he shall make proclamation thereof, and thereupon all tariff duties on merchandise and articles going into Puerto Rico from the United States or coming into the United States from Puerto Rico shall cease, and from and after such date all such merchandise and articles shall be entered at the several ports of entry free of duty,

so that the contingency is contemplated of free trade between Puerto Rico and the United States being instituted even earlier than the first day of March 1902, after which date it is provided that in no event shall any duties be collected on merchandise and articles going into Puerto Rico from the United States or coming into the United States from Puerto Rico.

The present civil and economic conditions of Puerto Rico are very encouraging, and promise full justification of the measure so enacted. Freed from the excessive burdens of the past, and with the added stimulus to internal development and productiveness which results from the new order of things, Puerto Rico is today virtually autonomous in financial and municipal matters. It is not to be expected that the Danish Islands, in entering upon a new epoch, freed from burdens not so weighty as those of Puerto Rico, endowed with equal or even greater natural resources, and peopled by a community used to orderly self-control and possessed of sound business methods, will lag behind the adjacent Spanish American possession in proving their

⁸ Not printed.

aptitude to enjoy and rightly use as full a measure of privilege as their neighbor.

It is the belief of this Government, amounting to a certainty, that this will prove to be the fact, and that it will soon be practicable to give to the Danish Islands all the privileges of Puerto Rico. It will be the earnest effort of this Government to bring this about, as a fitting and just treatment of the important civil and economical questions involved in the cession of those islands to the United States. It is however impossible to forestall legislation in this regard.

I trust these views will commend themselves to the Danish Government, and that it will be convinced that it is the paramount desire of the United States to contribute in every possible way to the welfare of the islands and their people in the event of the cession being consummated. To that end, we are prepared to go to all possible lengths in making such conventional engagements as lie within the competence of the treaty making power; feeling assured that the legislative power, which has done adequate justice to the needs of Puerto Rico, will do no less toward the neighboring and equally favorably circumstanced Danish Islands.

You will take an early occasion to lay these views before the Government of His Majesty the King, and to ask favorable consideration of the amended project herewith transmitted.

I am [etc.]

JOHN HAY

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, March 27, 1901.

Your 193 received today. Danish propositions sent with your 190 have had careful consideration, and a new draft has been prepared incorporating suggestions as far as practicable and acquiescing in payment of four millions for unincumbered sovereignty. It goes to you by the *Oceanic* today. Advise Minister for Foreign Affairs that it is on the way.

HAY

Minister Swenson to the Secretary of State

No. 200

AMERICAN LEGATION,
Copenhagen, April 8, 1901.

SIR: Your dispatch of the 26th ultimo, with enclosed amended draft of a convention for an eventual cession of the Danish West Indies to the United States, reached me Saturday, April 6.

On the 8th instant, I addressed a note to the Minister of Foreign Affairs, a copy of which is enclosed herewith, formally submitting the new project for the favorable consideration of the Danish Government and communicating to him your dispatch as above in full.

I have [etc.]

LAURITS S. SWENSON

[Inclosure]

Minister Swenson to the Minister of Foreign Affairs

No. 119

AMERICAN LEGATION,
Copenhagen, April 8, 1901.

EXCELLENCY: Referring to your excellency's note of February 21, last, a copy of which was communicated to the Secretary of State, I now have the honor to transmit herewith a copy of his reply thereto with an amended draft of convention for an eventual cession of the Danish West Indies to the United States.

Your excellency's views and proposals regarding the bases for such convention are so fully discussed in the enclosures herewith that I deem it superfluous to make any supplementary comment or explanation at this time.

You will observe that it is the earnest desire of my Government to arrive at an early agreement on this subject. In the dispatch herewith, the Secretary of State gives frank and cordial expression to a disposition to yield on as many points as possible and to accede to the requests of the Danish Government as far as practicable; and he gives proof thereof by incorporating in the amended draft the essential changes suggested by your excellency.

Feeling confident that your excellency's Government will reciprocate the spirit in which this whole matter is now presented, I respectfully submit the amended project herewith for your early and favorable consideration.

Be pleased to accept [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 201

AMERICAN LEGATION,
Copenhagen, April 16, 1901.

SIR: Referring to my No. 200, of the 8th instant, I now have the honor to enclose herewith a copy, together with a translation, of a note, addressed to me by the Minister of Foreign Affairs, under date of the 15th instant, in reply to mine of April 8th.

In recent interviews, the Minister of Foreign Affairs and the Director General of the Foreign Office have informed me that the amended draft of convention, as well as your instructions to me, has made a most favorable impression upon the Ministry. Regret is however, expressed at the inability of the United States Government to accede to the requests of the Danish Government regarding the civil status of the inhabitants of the ceded territories, and the commercial relations of the islands with the United States.

The force of your explanations on these points is conceded; and yet the Danish Government seems reluctant to recede from its demands touching these two matters. I believe, nevertheless, that further discussion will result in the acceptance of the amended draft substantially as now submitted.

The Minister of Foreign Affairs has already taken preliminary steps towards arriving at a satisfactory agreement with the St. Croix Sugar Factories.

I have [etc.]

LAURITS S. SWENSON

[Inclosure—Translation]

*The Minister of Foreign Affairs to Minister Swenson*MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, April 15, 1901.

MR. MINISTER: I have the honor to acknowledge the receipt of your note of the 8th instant, in which you were good enough to communicate to me a copy of a dispatch addressed to you by his excellency the Secretary of State

at Washington, under date of the 26th ultimo, together with a new amended project of convention for a cession of the Danish West Indies to the United States.

I am happy to express my appreciation of the cordial spirit in which the Secretary of State replies to the observations contained in my last note; and I beg you, Mr. Minister, to assure his excellency that the King's Government will consider in the same spirit the new project of convention now submitted by your Government.

I would state, however, that, as explained in my note of February 21 last, His Majesty's Government will not be able finally to conclude an eventual convention until it shall have effected an agreement with the stock company called St. Croix Fallessukkerkøgerier.

Be pleased to accept [etc.]

SCHESTED

Minister Swenson to the Secretary of State

No. 212

NORSELAND, MINN., August 8, 1901.

SIR: I have the honor to transmit herewith, for your consideration, a copy, together with a translation, of a note addressed to me by the Minister of Foreign Affairs, under date of June 29, 1901, relative to the proposed cession of the Danish West Indies to the United States.

I have [etc.]

LAURITS S. SWENSON

[Inclosure—Translation]

The Minister of Foreign Affairs to Minister Swenson

MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, June 29, 1901.

MR. MINISTER: The Government of His Majesty the King having now considered the new project of a convention for the cession of the Danish West Indies to the United States which accompanied your note of April 8 last, I have the honor to request that you communicate the following to his excellency the honorable Secretary of State at Washington:

In re Article I. His Majesty's Government has nothing to object to the modification proposed by the Government of the United States, and according to which the ending of the first part of said article would be worded as follows: "Comprising in said cession all title and claim of title to the territories in and about said islands over which the Crown of Denmark now exercises, asserts, or claims jurisdiction."

His Majesty's Government also accepts the second part of said article, as worded in the new draft. It would, however, recommend the following modifications: For the words, "but that the colonial treasuries are to be considered released from their debts and obligations to the Treasury of the Danish Government," the following words are to be substituted: "It being agreed that these claims are altogether extinguished in consequence of the cession"; for the words, "the current obligations heretofore contracted by the Danish Government," the following words are to be substituted: "The obligations heretofore incumbent upon the Danish Government." Finally, inasmuch as His Majesty's Government holds no pledges or securities for its protection or reimbursement in respect to the two companies mentioned in said article, it would propose that the following words be omitted: "The Danish Government transferring to the United States any pledges or securities which it may hold for its protection or reimbursement in respect to said companies."

In re Article II. Inasmuch as the Government of the United States finds itself unable to accept the proposal of His Majesty's Government that a proviso be inserted in the first paragraph of this Article stipulating that the pious legacies shall continue to be applied in conformity with their purpose; His Majesty's Government recedes from the proposal in question, being convinced that the Government of the United States admits that, inasmuch as the public funds can

not be considered as property belonging to the Danish Government, they would not pass to the Government of the United States by virtue of Paragraph 1, Article II. His Majesty's Government accepts the proposal to incorporate in the concluding part of Paragraph 1 of this article the proviso regarding arms, etc., and proposes the following wording: "It being, however, agreed that the arms and military stores existing in the islands at the time of the cession and belonging to the Government of Denmark shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it, unless they, or parts thereof, may before have been bought by the Government of the United States, upon a special agreement made with the Government of Denmark, it being, however, understood that flags and colors, uniforms and such arms or military objects as are marked as being the property of the Danish Government shall not be included in such purchase." In Paragraph 2 of said article His Majesty's Government proposes to substitute for the words, "the Lutheran Congregation," the words, "the Congregations belonging to the Danish National Church." Considering the terms of 12 months too short, His Majesty's Government further proposes to substitute for the concluding lines of said article, after the words, "but the Danish Government shall sell or dispose of such property and remove its proceeds," the following words: "Within two years from the date of the exchange of ratifications of this convention, the United States Government being entitled to sell by public auction to the credit of the Danish Government what might not have been sold before expiration of the said term of two years."

In re Article IV. His Majesty's Government proposes to add at the conclusion of this article: "But not later than six months after the said exchange; it being, however, understood that if those persons, after having quitted the Danish service, do not wish to leave the islands, they shall be allowed to remain there as civilians."

In re Articles V and VI. His Majesty's Government has nothing to say.

In re Article III. I have reserved Article III for the last, as it calls for more extended observations. I would first remark, with reference to the text, that the sense would seem to require that the words, "in case they remain in the islands," be placed higher up. His Majesty's Government, accordingly, proposes that in paragraph 1 of said article the words, "and in case they remain in the islands, they shall enjoy," be substituted for the words, "and they shall also enjoy." In case of such change, it would become necessary to insert at the beginning of paragraph 2 of said article the words, "those who remain in the islands, may further preserve," in place of the words, "in case they remain in the islands, they may preserve." As regards the scope of the rights which it is the object of this article to define, I regret to observe that the Government of the United States did not see its way clear to accede to the proposal to embody in the convention provisions regarding the customs relations of the islands and the rights of the inhabitants after an eventual cession. You are familiar, Mr. Minister, with the views of His Majesty's Government in this matter. When the Government, at the beginning of the negotiations, declared itself disposed to agree to an eventual cession of the Danish West Indies, it was because of the desire to secure for them a more prosperous and a happier development than was thought possible under a union with Denmark. It was, accordingly, considered a matter of prime importance, with respect to the islands as a whole as well as to the individual inhabitants thereof, that the obstacles which at present hinder a favorable economic development be removed, without in any way depriving the inhabitants of the economic privileges and rights which they now enjoy. With respect to the islands as a whole it is of special importance that the colonial treasuries be released from their present obligations which are burdensome to the inhabitants of the islands; and at the same time the Government revenues be retained and, if possible increased, without increasing the taxes. With respect to the inhabitants, the aim ought to be to lighten, as much as possible, the burdens resulting from present conditions. As regards the first point, I learn with satisfaction that the Government of the United States fully shares the view of His Majesty's Government, that in the event of a cession, the colonial treasuries should be considered released from their debts and obligations to the Danish Government.

I may add here that the Danish Minister of Finance has entered upon negotiations with the stock company *St. Croix Fallessukkerkøgerier*, with a view to releasing the colonial treasuries from their obligations and guarantees to the stockholders. But even under such circumstances it would be difficult to bring about a balance in the receipts and expenditures of the colonial treasuries.

Leaving out of consideration the interest on the debt to the Danish Treasury and the amount required to liquidate the obligations to the stockholders referred to above, the budget for the Island of St. Croix for the fiscal year 1900-1901 shows as against total receipts of scarcely 155,000 dollars total expenditures of about 200,000 dollars. Eighty-five thousand dollars, or nearly 55% of the receipts is derived from customs dues (65,000 dollars import taxes and 20,000 dollars export taxes). It will thus be seen that the colonial treasuries can not dispense with the customs receipts nor readily replace them with other taxes; inasmuch as the receipts and expenditures can in all probability not be made to balance, without imposing a new tax, even if the present sources of revenue are retained, and the expenses are somewhat reduced. On the other hand, one of the principal advantages expected from a union between the islands and the United States was that their principal products, especially sugar, would be admitted to the markets of the United States free of duty or, in any event, with a considerable reduction of duty. How to surmount this difficulty and how to arrange the custom relations in a manner satisfactory to both parties is one of the questions that is giving concern to His Majesty's Government; and it would be grateful if the Government of the United States likewise would consider how this matter might be best arranged, and submit a proposition to His Majesty's Government on this subject.

With respect to the civil status of the inhabitants, His Majesty's Government begs first to call attention to the fact that the organic law now in force insures them a large measure of autonomy in the administration of local affairs; and that they also possess Danish nationality and in consequence enjoy all the civil and political rights flowing from such *l'indigénat*, in case they establish their domicile within the Kingdom proper. His Majesty's Government also invites attention to the fact that not only did the convention of October 24, 1867, between Denmark and the United States, assure to the inhabitants of the islands in the event of a cession United States citizenship, but that Article 2 of the Treaty of Commerce, Amity and Navigation of April 26, 1826, between Denmark and the United States, which still remains in force, provides by Article II that Danish subjects in the United States shall "enjoy all the rights, privileges, and exemptions in navigation and commerce which native citizens or subjects do or shall enjoy, submitting themselves to the laws, decrees, and usages there established to which native citizens or subjects are submitted." Turning to the project submitted by your Government, we find that it is proposed, on this point, that the Danish subjects born in the islands or permanently residing there shall be "subject to such laws as are applicable to other foreigners." This provision would, without doubt, be regarded with much disfavor in the islands; inasmuch as the inhabitants that acquired domicile in the United States would be less favorably situated than they now are, under the provisions of the above named treaty (1826); while those remaining in the islands would not obtain United States citizenship. The foremost purpose had in view by His Majesty's Government in the event of a cession, is, to secure a more favorable economic condition for the islands, without, at the same time, placing the inhabitants under less favorable conditions in other respects than they now enjoy, His Majesty's Government realizes that the limited area of the islands as well as the small population renders it inexpedient to organize them into a separate state or a separate territory. On the other hand, it is feared that their incorporation in one of the States or Territories of the Union would exclude the inhabitants from exerting any influence in the administration of their local affairs, unless they had obtained guarantees in that respect by means of special stipulations. (Whether and how it would be possible to arrive at an arrangement that would be satisfactory for the inhabitants is a question which, under the circumstances, the Government of the King is not in a position to solve.) Your Government, however, may be able to find a satisfactory solution. At all events, His Majesty's Government did not wish to omit pointing out that the project of the convention will have to be modified in the sense indicated; so that the inhabitants would continue, after the cession and until otherwise ordained, to enjoy the private as well as the municipal and religious rights accorded them under the laws now in force in the islands; and that if these laws should be changed they would, with respect to these rights, be treated as citizens and subjects of the United States. Not yet having received a copy of the decisions recently rendered by the Supreme Court of the United States, in which the questions referred to above were involved, and not knowing whether the Government of the United States intends to solve these questions by means of a general law, and if so, what kind of law, His Majesty's Government does not find itself in a position to submit a text for

Article III that would have due regard to the considerations set forth above and at the same time not conflict with the Constitution of the United States.

I trust that the Government of the United States will be able to submit a proposition to His Majesty's Government that will solve the difficulties which I have pointed out.

SCHESTED

The Acting Secretary of State to Minister Swenson

No. 128

DEPARTMENT OF STATE,
Washington, September 10, 1901.

SIR: Referring to your despatch No. 212, dated Norseland, Minnesota, August 8, 1901, communicating copy of the note of the Danish Minister for Foreign Affairs of the 29th of June, relative to the proposed cession of the Danish West Indies, I have to enclose herewith copy of a new draft of the treaty with Denmark embodying all the accepted suggestions of the Danish Government.

I am [etc.]

ALVEY A. ADEE

[Inclosure]

Draft of Treaty with Denmark for cession of islands including modifications suggested in Danish Minister's note of June 29, 1901, which are underscored in red ink.⁹

DANISH WEST INDIES

The United States of America and His Majesty the King of Denmark being desirous of confirming the good understanding which exists between them, have to that end appointed as Plenipotentiaries:

The President of the United States _____, and His Majesty the King of Denmark, _____, who having mutually exhibited their full powers, which were found to be in due form, have agreed upon the following articles:

Article I

His Majesty the King of Denmark agrees to cede to the United States immediately upon the exchange of the ratifications of this convention the Islands of Saint Thomas, Saint John and Sainte Croix, in the West Indies, with the adjacent islands and rocks, comprising in said cession all title and claim of title to the territories in and about said islands over which the Crown of Denmark now exercises, asserts or claims jurisdiction.

This cession conveys to the United States the said islands and appurtenances in full, entire and unincumbered sovereignty, with all the dominion, rights and powers which Denmark now possesses, exercises, asserts and claims therein, it being however understood and agreed that the consummation of said cession does not import the transference to the United States of the financial claims now held by Denmark against the colonial treasuries of the islands. *It being agreed that these claims are altogether extinguished in consequence of the cession*, and it is moreover understood and agreed, that the United States will assume and continue to discharge from the time of the cession *the obligations heretofore incumbent upon the Danish Government*, towards the St. Thomas Floating Dock Company and the West India and Panama Telegraph Company.

Article II

The aforesaid title conveys to the United States the absolute fee and ownership of all public, Government or Crown lands, public buildings, ports, harbors, fortifications, barracks, and all other public property of every kind and description belonging to the Government of Denmark, together with every right and appurtenance thereunto appertaining. It being however agreed that the arms

⁹Underscored modifications printed in italics.

and military stores existing in the islands at the time of the cession and belonging to the government of Denmark shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it, unless they, or parts thereof, may before have been bought by the Government of the United States, upon a special agreement made with the Government of Denmark, it being however understood that flags and colors, uniforms and such arms or military objects as are marked as being the property of the Danish Government shall not be included in such purchase.

It is moreover agreed and understood: first, that the congregation belonging to the Danish National Church shall remain in possession of the churches which are now used by them, and, secondly, that sums due to the Danish Treasury by individuals are reserved, and do not pass by this cession: and where the Danish Government shall at the time of the cession hold property taken over by the Danish Treasury for sums due by individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds, within two years from the date of the exchange of ratifications of this convention. *The United States Government being entitled to sell by public auction, to the credit of the Danish Government, what might not have been sold before expiration of the said term of two years.*

Article III

Danish subjects residing in said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the right to sell or dispose of such property or its proceeds, and in case they remain in the islands they shall enjoy all civil and religious liberties and be allowed to carry on their industry, commerce and professions, being subject to such laws as are applicable to other foreigners. *Those who remain in the islands may preserve their allegiance to the Crown of Denmark by making, before a Court of record, within two years from the date of the exchange of ratifications of this treaty a declaration of their decision to preserve such allegiance; in default of which declaration they shall be held to have renounced it and to have accepted allegiance to the United States; but such election of Danish allegiance shall not, after the lapse of said term of two years be a bar to their renunciation of their preserved Danish allegiance and their election of allegiance to the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States, for other inhabitants of the islands.*

The civil rights and the political status of the native inhabitants of the islands shall be determined by the Congress.

Danish subjects not residing in the islands but owning property therein at the time of the cession shall retain their rights of property, including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish subjects residing in the islands and remaining therein or removing therefrom to whom the first paragraph of this article relates.

Article IV

Formal delivery of the territory and property ceded as aforesaid shall be made immediately after the payment by the United States of the sum of money stipulated in the fifth article hereof; but the cession with the right of immediate possession is nevertheless to be deemed complete on the exchange of ratifications of this convention, and any Danish troops which may be in the islands aforesaid shall be withdrawn as soon thereafter as may be practicable, *but not later than six months after the said exchange; it being however understood that if those persons, after having quitted the Danish service, do not wish to leave the islands, they shall be allowed to remain there as civilians.*

Article V

In full consideration of the cession of said islands in full, entire, and unincumbered sovereignty, the United States agrees to pay, within ninety days from the date of the exchange of ratifications of this convention, in the city of Washington, to the diplomatic representative or other agent of His Majesty the King of Denmark, duly authorized to receive the money, the sum of four million dollars in gold coin of the United States.

Article VI

The ratifications of this convention shall be exchanged at Washington, within six months from the date at which it shall have been ratified by both the High Contracting Parties according to their respective procedures.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the English and Danish languages.

Done at _____, the _____ day of _____, in the year of our Lord one thousand nine hundred and one.

Minister Swenson to the Secretary of State

No. 220

AMERICAN LEGATION,
Copenhagen, October 3, 1901.

SIR: I have the honor to acknowledge the receipt of your No. 128, of the 10th ultimo, transmitting copy of a new draft of treaty for the proposed cession of the Danish West Indies to the United States, embodying the accepted suggestions made in the note from the Danish Minister for Foreign Affairs, of June 29, last, a copy of which was communicated to the Department in my No. 212, dated Norseland, Minnesota, August 8, 1901.

A copy of the amended project has been handed to the Minister for Foreign Affairs.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 221

AMERICAN LEGATION,
Copenhagen, October 4, 1901.

SIR: I have the honor to acknowledge the receipt of your cablegram of the 14th ultimo,⁸ and to confirm mine of September 20,¹ in reply thereto, relative to the new proposal of the Danish Government in reference to the St. Croix sugar factories, copies of which you will find enclosed herewith.

The Danish Government has been in hopes of effecting an agreement with the stockholders in the company referred to, whereby the colonial treasury of St. Croix would be released from the 5% guarantee undertaken in 1876, and still in force. The Danish Government would then be in position to cede the islands to the United States, unincumbered by said guarantee.

As you will remember, the former Ministry had entered upon negotiations with the stockholders, and seemed to be making some progress towards a satisfactory solution of this difficulty. Later developments, however have proved that they were oversanguine in their expectations for early results. The new Ministry, which has continued these negotiations, says that it has practically given up all hopes of arriving at an understanding that would prove acceptable to the Rigsdag. The stockholders flatly decline to entertain any proposition looking towards a compromise (an acceptance for instance of 50% of the par value of their stock); but insist that in case of sale of the islands the Danish Government is morally bound to redeem in full, the obligations contracted by the colonial treasury of St. Croix in respect to

⁸Not printed

the sugar factories. The Ministry and the Rigsdag are of a different opinion; and there is the difficulty.

The Minister of Foreign Affairs says that by legislative authority the Danish Government could force the stockholders to its own terms; but that such action would be unpopular and would require about a year's time. He declares himself ready, however, to adopt this procedure and to sign the treaty substantially as now submitted, in case he is assured of the necessary sanction after so long a lapse of time, which he doubts.

The situation, as it appears to me, is this: the present liberal Ministry has many pledges to redeem; it must exert itself in every direction to fulfill the high expectations it has raised among the people; and it wishes to fortify itself against expected criticism from within and without its own political party by obtaining a larger compensation for the islands than that virtually agreed upon by the former Ministry.

Recent incidents, with which you are acquainted, and of which I have been accidentally informed, have exerted a powerful influence in leading the Ministry and others concerned to believe that the the United States is overanxious to buy and, consequently, willing to pay a higher price than heretofore supposed. Under the circumstances, I am of the opinion that no treaty can be concluded before or during the coming session of Congress unless the United States Government is prepared to raise the purchasing sum to at least five million dollars.

The additional million would be considered as compensation for the sugar factories, and Government plantations, and some method would undoubtedly be discovered to release the treasury of St. Croix from the obligations referred to above.

I have [etc.]

LAURITS S. SWENSON

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, October 18, 1901.

Represent to Danish Government the great desirability of deciding at once whether they will make the treaty. We cannot continue negotiations after Congress meets. Ascertain whether offer of a quarter million dollars more will conclude matter.

HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, October 23, 1901.

A quarter million dollars more would not satisfy Danish Government. Convention will not be concluded without concessions on points difference and an increase of compensation.

SWENSON

Minister Swenson to the Secretary of State

[Extract]

No. 227

AMERICAN LEGATION

Copenhagen, October 24, 1901.

SIR: I have the honor to acknowledge the receipt of your cablegram of the 18th instant, relative to the proposed sale of the Danish West Indies, and to confirm mine of the 23rd instant, in reply thereto, which deciphered read as follows: [Printed *ante*.]

I have had two long interviews with the Minister of Foreign Affairs since the receipt of your cablegram; but have been unable to secure any definite proposition looking towards the conclusion of a convention for the transfer of the islands. As indicated in my No. 221, of the 4th instant, the impression that the United States Government is very eager to buy is growing stronger every day; and the Ministry seems to act on the supposition that delay and apparent indifference on its part will result in securing more favorable terms than those asked by the former Government.

The Minister of Foreign Affairs says that until within the last three weeks he would have assumed the responsibility of signing a treaty conforming substantially to the draft last submitted by the Government of the United States, except as to amount of compensation; but that now he would feel constrained to insist on embodying in such convention provisions expressly conferring citizenship upon the inhabitants and granting the islands free trade, in the event of a cession.

This change of attitude, the Minister says, has been caused by recent unexpected manifestations of opposition to the alienation of the islands on the part of his colleagues as well as of Rigsdag members of the Ministerial party, on account of the unfavorable terms offered.

They are now convinced that the United States has a strong desire to possess these islands; they reason that the building of an Isthmian canal will make the harbor of St. Thomas more valuable to us than it would have been in 1867, when we offered \$7,500,000 for two of the islands; that we can better afford to pay a good price for them now than we could then; that if it was within the competency of the Executive to confer citizenship by treaty then, it is so now; etc. Then also, the King considers the question of citizenship as the most important.

Such are the representations made by the Foreign Office. It is further argued that the negotiations were started on a wrong basis; it being assumed that because the transfer was not to be considered as a purely commercial transaction, the price demanded was in consequence a comparatively unimportant matter. Denmark ought originally to have asked for a greater compensation than was required to indemnify itself for actual losses sustained in administering these possessions. * * *

It is evident that a liberal money offer is the essential thing.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

[Extract]

No. 230

AMERICAN LEGATION,
Copenhagen, November 11, 1901.

SIR: The Minister of Foreign Affairs today handed me a copy of an amended draft for the proposed cession of the Danish West Indies to the United States.

Some of the changes he proposes relate to subjects which have not been included in the drafts heretofore submitted. The most important proposals, however, have reference to the civil status of the inhabitants of the islands after an eventual cession, and to the obligations at present resting upon the colonial treasury of St. Croix in consequence of the 5% guarantee of 1876 to the St. Croix Fallessukkerkøgerier Co. Ltd.

I take it that an agreement has virtually been reached as to compensation (\$5,000,000). The Danish Government will not insist on the further additional sum of \$190,000 for the purpose of liquidating the obligations mentioned in the provision incorporated in Article I of the amended draft; but it is likely to insist on embodying an express clause in the treaty stipulating that in no event shall said debts and liabilities become a charge upon the Government of Denmark. The stockholders of the sugar company claim that the Danish Government is liable for this guarantee, and that the courts would so hold.

They declare that if their claims are not settled amicably they will resort to litigation. The Danish Ministry and Rigsdag are of opinion that the colonial treasury of St. Croix is the sole debtor in this case; and they do not feel inclined to assume a debt for which they disavow all responsibility, and which, they say, was unwisely authorized by the unpopular and arbitrary Estrup Ministry—of the opposition. Minister Deuntzer requests me to say that he feels confident that the stockholders would accept 50% in full of all claims, if the treaty contained the agreement he suggests.

The future civil and political status of the inhabitants greatly concerns the King and it is feared that he would interpose his objection to the conclusion of a convention that was silent on that point or left the matter entirely to the pleasure and discretion of Congress.

That part of Article III beginning with "and in case they remain" etc., would meet the approval of His Majesty as well as of the Danish Government, if made to read as follows:

and in case they remain in the islands, they shall continue, until otherwise provided, to enjoy all the private, municipal, and religious rights and liberties secured to them by the laws now in force. If the present laws are altered, the said inhabitants shall not thereby be placed in a less favorable position in respect to the above mentioned rights and liberties than they now enjoy.

The raising of the money consideration from four to five million dollars, the importance of which I impressed upon you in my Nos. 221 and 227, of October 4 and 24 last, respectively, has had the expected effect. The "psychological moment" has been reached; and the time to terminate the protracted negotiations and to conclude a treaty for the cession of the Danish West Indies to the United States is here. The acquisition of these islands by the United States must

be looked upon as a diplomatic achievement of no mean magnitude. The obstacles in our way have been considerable. The reluctance of the Danish Government to enter upon negotiations anew after having been so treated by our Senate in connection with the treaty of 1867; the well-known wish of the King and other members of the Royal family to retain these possessions under the Danish Crown; the popular agitation against the sale; the negotiations having been conducted with three different ministries—at least one of which took up the matter in only a half-hearted way; all these difficulties have had to be contended with and cleared out of the way. It is certainly a source of much gratification that success seems at last to crown our efforts; and I hope that whatever troubles may arise in the further progress of the treaty on the way to its final proclamation may be overcome.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

AMERICAN LEGATION,
Copenhagen, November 26, 1901.

I would advise you to accept clause Article I beginning "no responsibility", and to reject concluding part from "with a view". Further delay dangerous owing to attitude of Minister for Foreign Affairs.

SWENSON

Minister Swenson to the Secretary of State

No. 231

AMERICAN LEGATION,
Copenhagen, November 27, 1901.

SIR: I have the honor to confirm my cablegram of the 26th instant, which deciphered reads as follows: [Printed *ante*]

In my No. 230, of the 11th instant, I said that the Danish Government might insist on inserting in the treaty the stipulation "no responsibility, etc.," referred to in the above cablegram. The Minister of Foreign Affairs yesterday showed me a cablegram which he had received from Mr. Brun, informing him that you could not accede to some of the proposals contained in the last amended draft from the Danish Government, among them the one touching the 5% guarantee to the St. Croix Fallessukkerkogerier.

He told me that the Rigsdag would not give its sanction to a treaty that did not expressly exempt the Danish Government from these obligations. Whether such clause would operate to bar the claimants concerned from holding the Danish Treasury liable for the guarantee in question is not clear. The matter would in that case likely give rise to litigation in the Danish courts as intimated in my No. 230. It is possible that Mr. Deuntzer would recede from his position in respect to the above clause; and I doubt that the Rigsdag would permit the treaty to be wrecked on this rock. Nevertheless, I consider my advice as cabled to be the safest under the circumstances.

* The time limit which you have set for the negotiations expires next Monday.

In case the United States Government should wish to extend the time, Mr. Deuntzer would, in my opinion, avail himself of the opportunity to make new demands. He has intimated as much to me, saying that after December 2 he should consider himself released from all proposals made or agreed upon before that date, if a treaty is not concluded in the meantime.

If you insist on omitting the stipulation regarding the guarantee, he would, perhaps, reply: "Then, I can not sign the treaty by December 2nd, if at all. I would have to consult the King, the Rigsdag, etc., etc., etc." The Minister of Foreign Affairs is personally opposed to the sale of the islands, as I have informed you privately.

From the above you will realize the situation, and understand why I advise concessions in order to bring the negotiations to a speedy termination.

I have [etc.]

LAURITS S. SWENSON

The Secretary of State to the Danish Minister

• DEPARTMENT OF STATE,
Washington, December 3, 1901.

MY DEAR MR. MINISTER: Owing to the omission of the first part of the final sentence in Article IV, the last clause which we have agreed to maintain in the treaty is not quite clear as it stands in your text. It is necessary to modify it somewhat to supply the hiatus, and I submit the enclosed. Please let me have your opinion as to this suggested modification.

I am [etc.]

JOHN HAY

[Inclosure]

Suggested final clause in Article IV

The colonial treasury shall continue to pay the yearly allowances now given to heretofore removed functionaries appointed in the islands but holding no royal commission, unless those allowances may have until now been paid in Denmark.

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, December 4, 1901.

MY DEAR MR. MINISTER: I have the pleasure to send you herewith the revised text of the convention for the cession of the Danish West India Islands to the United States, incorporating all the textual amendments which we have agreed upon in recent conferences.

I have introduced one verbal change in the concluding clause of Article IV, substituting the word "retired" for "removed", inasmuch as the word "removed" in English has a disparaging sense which is not intended.

If this text agrees with your understanding, I shall be pleased to have a corrected copy of the Danish text at your earliest convenience in order that the convention may be engrossed for signature as soon as possible.

I am [etc.]

JOHN HAY

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, December 17, 1901.

Please remind Minister of Foreign Affairs that the Senate adjourns for the holidays on Thursday and that it would be quite desirable to have the treaty signed before that day if possible.

HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, December 18, 1901.

Minister for Foreign Affairs says the treaty must be laid before the King and the Folkething Committee on Finance before signed, which will require a few days. The Rigsdag proposes plebiscite, independent of treaty, if necessary. Minister for Foreign Affairs may yield.

SWENSON

Minister Swenson to the Secretary of State

No. 234

AMERICAN LEGATION,
Copenhagen, December 19, 1901.

SIR: I have the honor to acknowledge the receipt of your cablegram of the 17th instant, relative to the treaty for the cession of the Danish West Indies, and to confirm mine of the 18th instant in reply thereto, the true reading of which follows: Cipher cablegram received December 17, 1901, at 9:30 p. m. [Printed *ante*.]

The text of the treaty which had been scrutinized and approved by the Department reached the Foreign Office Tuesday noon, the 17th instant. In the afternoon I called on the Director General—the Minister was attending a meeting of the Rigsdag—and urged the desirability of cabling Mr. Brun full power to sign the treaty as soon as the Minister for Foreign Affairs had examined it. I was informed that the formalities of finally laying the matter before the King would have to be observed, and that the Finance Committee of the Folkething had requested to have the treaty as agreed upon communicated to it before the signature was authorized.

This would require a few days. Yesterday morning I handed a copy of your cablegram to Mr. Deuntzer; and in the afternoon I had an interview with him. He said that it was quite impossible to expedite matters sufficiently to have the treaty signed before the

adjournment of the Senate. A Council of State was to be held on Friday; and the King could not be asked to discuss the question earlier. The Folkething Finance Committee could not meet before Thursday afternoon. There seemed to be one or two discrepancies of minor importance, between the text of the treaty received and that of the cablegrams exchanged with Mr. Brun, which would necessitate further communication with him. No time limit for ratification had been inserted in the treaty. This he thought was an oversight; and such a stipulation ought to be added.

He then told me that the Rigsdag was giving him trouble by raising the question of a plebiscite at this stage in the negotiations, when an agreement between the two Governments had practically been reached. I reserve my report on this point for a separate dispatch, which will be mailed tomorrow.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 235

AMERICAN LEGATION,
Copenhagen, December 21, 1901.

SIR: In my cablegram of the 18th instant, relative to the signature of the treaty, for the cession of the Danish West Indies, I reported that the Rigsdag proposes to submit the question of sale to a vote in the islands; and that the Minister of Foreign Affairs might yield to such demands.

When I called on Mr. Deuntzer, on Wednesday, to urge the desirability of having the treaty signed before the Senate adjourned for the holidays, he informed me that the Rigsdag appeared to be yielding to the popular demand for a plebiscite; and that he was under such pressure from that quarter that he would, in all probability feel constrained to give his consent.

It was especially the Landsting, which is controlled by the opposition, that he feared. The dominant party in that body was striking a popular chord by protesting against selling Danish citizens "as cattle"; and, what was more, it had it in its power to reject a treaty without the desired stipulation and this would, perhaps, be done. He asked my opinion on the subject, and inquired if I thought it likely that my Government would accept a proposal for a plebiscite. I told him, politely, that the treaty had been agreed upon by the two Governments; that the Danish Foreign Office had desired to examine the text as accepted by the Secretary of State, pledging itself to cable Mr. Brun full power to sign the document as soon as it had been verified, and that Mr. Hay, in consequence, considered the negotiations ended, and nothing wanting but the formality of signing. I further called his excellency's attention to the fact that at no time during the negotiations had the Danish Government proposed—leave alone insisted on—a plebiscite; that, on the contrary, the Minister for Foreign Affairs had, in a note to me, expressly mentioned the fact that no vote was expected; and that the Rigsdag, which had been consulted at every step, had not even intimated that it desired such a stipulation inserted in the proposed treaty. As for the political considerations and the fear of the Landsting, I remarked that the opposition

had initiated the negotiations, continued them through two ministries, and consented to far less favorable terms—no plebiscite ever having been demanded—than those now obtained by the party in power. These circumstances, I thought, made it highly improbable that the Landsting would assume the responsibility of rejecting the treaty, thereby indirectly pledging itself to voting extraordinary appropriations for the improvement of the islands, especially inasmuch as a large majority in that branch is understood to favor the sale in order to relieve the Danish Treasury of the continual drain caused by the annual deficit in the colonial budget; and inasmuch as the sale is advocated by the larger part of the Danish people. Mr. Deuntzer agreed with me, except as to the improbability of adverse action by the Landsting. He was not so sure that the Right would not consider it a good opportunity to play him a “political trick”. He also feared that the King was inclined to consider the demand for a plebiscite as reasonable.

However, he was to meet with the Finance Committee of the Folkething that evening, and he would advise against a plebiscite, both because he did not favor it personally and because he considered my objections against introducing new subjects at this stage in the negotiations as weighty and as well taken.

At the meeting held in the evening, he prevailed upon the Finance Committee to take his view of the matter and to pledge its support to the ratification of the treaty as drafted.

Notwithstanding this action, fifteen Folkething members of the Ministerial party succeeded in having a secret meeting of the Rigsdag members of the Left called for the following evening—Thursday—for the purpose of discussing what attitude the Government party ought to assume in respect to a plebiscite.

Some fifty members attended this meeting, which did not adjourn till after eleven o'clock. The Minister of Foreign Affairs was present. Most of the speakers expressed the opinion that the party could not afford to ignore the popular clamour for a vote in the islands.

The Schleswig question was referred to; it being said that the Danes would justly be accused of inconsistency and lack of patriotism if they parted with the West Indies without consulting the wishes of the inhabitants. They could not thereafter complain of Germany's conduct towards Schleswig. A demand that was so fair and reasonable could not be disregarded with impunity. A precedent had been established in 1867. The royal proclamation of that year had committed the King and the Government to a plebiscite as a condition for an eventual sale. No party could afford to incur the odium of reversing history on this point.

Even if the United States Government would not give its assent to the proposed treaty stipulation, the Danish Government ought to call an election independent of treaty provisions, in order that the Rigsdag might be guided by the result, when the question of ratification came up. About twenty members expressed themselves as above. Many others informed Mr. Deuntzer—privately—that they shared the views of the speakers. A large part of the press of Copenhagen and the provinces is agitating in the same vein.

The Minister for Foreign Affairs said to me yesterday that he was tired of the whole business; and that he did not know what to do. He wished my Government could see its way clear to agreeing to a

plebiscite, either by treaty stipulation or independent of treaty, and thus extricate him from the embarrassing position in which he found himself. He again expressed apprehension lest the Landsting might withhold its sanction to a sale without plebiscite. Yet, if Mr. Hay insisted on it, he declared himself willing to have the treaty signed in its present form, unless the King should interpose his objection, which he thought possible. I told him that I had nothing to add to what I had said in my previous interview, but that I would earnestly request that he communicate with Mr. Brun by cable, so that the signature might take place without unnecessary delay. I reminded him that the Senate would resume its sessions shortly after the holidays and that the treaty ought to be transmitted to that body immediately after its reconvening. I inquired if the subject had been discussed in the Council of State that day—yesterday—, and was told that the King had asked about the status of the negotiations. The Minister for Foreign Affairs had informed him that a résumé of the correspondence between the two Governments and an account of such other matter as had a bearing on the subject was being prepared, and would soon be submitted to His Majesty. Thus you see that it is quite impossible to secure as early action as we had hoped, and had been given reason to expect. I am unable to say when the formalities and conferences will come to an end. The Rigsdag has adjourned for the holidays; and both houses will not be in session again before January 10.

I shall leave no stone unturned to gain our point.

As to the danger of having the treaty rejected by the Landsting, in the event of no plebiscite, I can not believe that any such danger exists. If it does, the sentiment must have changed incredibly much within the last few days.

From official information furnished the Foreign Office by the Governor of the Danish West Indies, it appears that a large majority of the inhabitants would vote for a transfer to the United States. The owners of sugar plantations and the leading merchants favor the proposed cession. The official functionaries and some of the smaller merchants are opposed to it. The laboring classes are largely an unknown quantity; but it is thought that they would nearly all be influenced in favor of a sale.

The influence of the large steamship companies touching at St. Thomas would be exerted in the same direction.

On St. Croix the vote would be well-nigh unanimous for being brought under the United States flag. On St. Thomas the majority would be large.

Such is the opinion of Governor Hedeman; and the best informed persons here agree with him in this.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 236

AMERICAN LEGATION,
Copenhagen, December 27, 1901.

SIR: I have the honor to transmit herewith a clipping, together with a translation of the same, giving the text of a petition to the King, the Ministry, and the Rigsdag, praying that the question of

alienating the Danish West Indies be submitted to a plebiscite in the islands. Copies of this petition, which appears in today's papers, are to be left in every bookstore in Denmark for signature, until the 3rd of January.

The opponents of the sale, who are behind this move, are receiving encouragement and support from many of the advocates of the proposed cession in their demand for a vote. I called on the Minister for Foreign Affairs Tuesday, the 24th instant, to inquire if he was ready to authorize signature of the treaty at Washington. He said that he was not; and that he had written Mr. Brun, instructing him to ascertain the attitude of the United States Government with respect to a plebiscite.

I again urged the importance of delaying the conclusion of the treaty no longer; pointing out the dangers involved. He regretted that the question of plebiscite should cause such embarrassment; but in view of the strong pressure that had been made upon him, he did not dare to refuse the demand for a vote without bringing the matter to the attention of the American Government. And this he did not think could be done satisfactorily by cable.

I have [etc.]

LAURITS S. SWENSON

[Inclosure—Translation]

A Petition to the King, the Ministry, and the Rigsdag, praying that the question of selling the Danish West Indies be submitted to a vote in the islands.

The question of alienating our West India colonies has again become prominent. We do not know what the result of the negotiations with America will be. But irrespective of our individual views as to the desirability of retaining the islands or the opportune time for selling them, we the undersigned agree that no alienation of Danish territory should be permitted without giving the inhabitants of said territory an opportunity to express their wishes in respect to such action. This is especially desirable in the present case, in view of the sentiment in favor of remaining Danish that has recently manifested itself in the islands.

Therefore we the undersigned earnestly and confidently request the King, the Ministry, and the Rigsdag not to make any final decision regarding the sale of our West India colonies except on the basis of a free vote, in accordance with the principles of universal suffrage, by the inhabitants of the islands; necessary preparations for such election to be made as soon as the circumstances will permit.

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, December 27, 1901.

MY DEAR MR. SECRETARY OF STATE: By my note of November 23^s in fine, in regard to the Danish West India Islands, I had the honor to express to you the desire of my Government, that simultaneously with the signature of the treaty, you should address a note to me declaring that the United States Government would not support any claim against Denmark, or the Danish Government, of commission, provision or remuneration whatsoever to private parties on the occasion of the cession of the islands in question to the United States.

During our conference on November 25th you willingly agreed to do this.

His excellency J. H. Deuntzer, our Minister of Foreign Affairs, has unofficially asked me, whether it would be possible for me to send him a draft of such note.

If entirely convenient to you, I would greatly appreciate to receive a draft of the proposed note for transmission to Mr. Deuntzer, although it may not now reach the Minister before final action has been taken in this matter.

I am [etc.]

C. BRUN

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, December 30, 1901.

DEAR MR. MINISTER: Acknowledging the receipt of your informal note of the 27th and complying with your request, I have pleasure in sending you herewith copy of the draft text of the note I propose to address to you,¹⁰ upon the signing of the formal treaty of cession of the Danish West India Islands, in which it is stated that the Government of the United States cannot support any claim of private parties against Denmark for alleged services or good offices in connection with the cession.

I am [etc.]

JOHN HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, January 2, 1902.

Hold Minister for Foreign Affairs agreement sign the treaty with this understanding: that no plebiscite will be ordered for any purpose.

SWENSON

Minister Swenson to the Secretary of State

No. 237

AMERICAN LEGATION,
Copenhagen, January 2, 1902.

SIR: I have the honor to confirm my cablegram of the 2nd instant which deciphered reads as follows: [Printed *ante*.]

In connection with the above subject, I refer you to my Nos. 235 and 236, dated December 21st and 27th last, respectively. The popular agitation for a plebiscite still continues, though with somewhat abated zeal.

If the Minister for Foreign Affairs firmly resists the temptation to yield to this sentimental opposition to a sale without plebiscite, it will soon subside and disappear. He is strongly influenced, however,

¹⁰ Not printed here. See note to the Danish Minister of January 24, 1902, *post*.

by political considerations, fearing to give offense by rejecting an apparently just and reasonable request.

This is undoubtedly what actuates him in asking the United States Government to give its consent to a vote in the islands.

His alleged fears that the treaty as agreed upon may be rejected by the Landsting are, in my opinion, not well founded; nor do I believe that he considers the danger from that quarter as serious as he would have it appear.

At a state dinner given by the King last night, I met a number of Landsting members of the Right (opposition), many of whom I number among my friends.

Mr. Schested, former Minister for Foreign Affairs, at present Vice President of the Landsting; Count Danneskjold Samsøe, Chairman of the Finance Committee of that body; General Hedeman, an influential member, uncle to the Governor of the Danish West Indies—all agreed in saying that the upper branch of the Rigsdag had not made its consent to an eventual treaty of cession dependent upon a plebiscite.

When I asked them if their party would assume the responsibility of rejecting a treaty without plebiscite, they said that no such intimation had been made to the Minister for Foreign Affairs; and they did not think it likely that the party would care to relieve the Ministry of any of its responsibility in this matter. To an interrogatory from Mr. Deuntzer as to whether they still favor sale of the islands—as they had informed his predecessor last year—they had replied that in case the present Ministry could with good grace break off negotiations, and desired to do so, they—the Right—would not embarrass the responsible Government by insisting on the sale and dragging the question into budget debates, etc.

Individual members had expressed a desire for a plebiscite; but no demand for it had been made—The gentlemen whom I interviewed did not think that the sentiment in favor of the sale was as strong as last year.

Nevertheless, they made it quite clear to me that Mr. Deuntzer has it in his power to secure the ratification of such treaty as he is able to make.

I have [etc.]

LAURITS S. SWENSON

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, January 7, 1902.

MR. SECRETARY OF STATE: His excellency the Danish Minister for Foreign Affairs having received the text of a treaty for the cession of the Danish West India Islands to the United States, upon which your excellency and I have agreed, has been pleased to inform me that, with the slight modification of two words of Article VII, to which your excellency willingly consented orally on December 19, this text has in every respect been found to correspond to the latest instructions and expectations of the Danish Government.

While having a most earnest desire to be able to cede the islands on the conditions thus agreed upon, the Danish Government finds itself confronted with a situation, which renders it absolutely neces-

sary that some arrangement should be made in regard to the taking of a popular vote in the islands with a view to ascertain the wishes of the inhabitants concerning a transfer to the sovereignty of the United States.

This situation is created by the sentiment of the majority of the members of the Danish Congress, or Rigsdag, as well as by the sentiment of the Danish people at large, in both of which the Danish Government has met with a strong demand for the taking of a vote in the islands before any cession takes place.

This demand, I feel sure, will not surprise your excellency considering that it is in harmony with true democratic principles, and considering also the history of the cession to foreign powers of certain parts of Denmark, to which I had occasion to allude during a recent conversation with your excellency.

I am therefore instructed to submit for your excellency's consideration the following alternatives:

1. Will the United States Government agree to insert in Article I of the present convention a clause similar to the provision in Article I of our Convention of October 24, 1867, concerning a vote in the islands?

2. If not, will the United States Government agree to make a special arrangement by a note with the Danish Government concerning the taking of a vote?

3. If not willing to this either, will the United States Government agree to leave the taking of the vote entirely to the Danish Government?

In case our two Governments should agree to have a vote taken in the islands, this vote could take place in accordance with certain specified rules to be adopted by both Governments, and the Danish Government would on this point gladly conform to the wishes of the United States Government, provided that proper measures were also concerted in regard to insure the liberty and safety of the vote.

The vote in the islands should take place as soon as the ratification of the convention shall have been advised by the United States Senate.

Hoping that your excellency may find in this communication from my Government a base for a prompt agreement on the point in question, I have [etc.]

C. BRUN

The Secretary of State to the Danish Minister

No. 366

DEPARTMENT OF STATE,
Washington, January 9, 1902.

SIR: I have had the honor to receive the note which you were pleased to address to me under date of the 7th instant and whereby you apprise me of the acquiescence of his excellency the Danish Minister for Foreign Affairs in the text of the treaty which we have framed for the cession to the United States of the Danish West India Islands. His excellency's acquiescence being, however, coupled with an important condition, to wit, the adoption of an engagement or understanding in regard to taking a popular vote in the islands with a view to ascertain the wishes of the inhabitants concerning a transfer to the sovereignty of the United States.

During the period of two years in which the question of this cession has been under consideration by the two Governments, the Government of the United States has negotiated with successive Ministries of Denmark and always with an evident and sincere desire to conform in every possible way to the views and wishes of the Danish Government in the matter. Step by step, the draft treaty has been advanced to its present shape, nearly all the proposals of the Danish Ministry having been accepted by us, even to the extent of setting aside agreements reached with one Ministry and substituting therefor amendments brought forward by its successor. It is very gratifying to me to learn that the text in its present form embodies the views and wishes of your Government as well as of mine in every particular and that the protracted negotiation is now happily closed save as to the one supplemental point raised by your present communication.

At no time in the course of our prolonged discussion of the subject has the condition of a popular vote in the islands as a precedent to the cession been seriously advanced. If a suggestion in that sense has been made, it has been with entire informality, and has not been taken up. The two Governments have until now been in full accord as to the omission of this feature.

It is now proposed that I consider the three following alternatives.

1. Will the United States Government agree to insert in Article I of the present Convention a clause similar to the provision in Article I of our Convention of October 24, 1867 concerning a vote in the islands?
2. If not, will the United States Government agree to make a special arrangement by a note with the Danish Government concerning the taking of a vote?
3. If not willing to do this either, will the United States Government agree to leave the taking of the vote entirely to the Danish Government?

By way of explanation you add:

In case our two Governments should agree to have a vote taken in the islands this vote could take place in accordance with certain specified rules to be adopted by both governments, and the Danish Government would on this point gladly conform to the wishes of the United States Government, provided that proper measures were also concerted in regard to insure the liberty and safety of the vote.

The vote in the islands should take place as soon as the ratification of the convention shall have been advised by the United States Senate.

I am constrained to express, with the President's approval and by his direction, the conviction of this Government that the first and second of these alternatives are not of such a nature as to admit of its acquiescence therewith. The grounds of this conclusion will sufficiently appear in considering the third alternative, which is that the Government of the United States shall agree to leave the taking of the proposed vote entirely to the Danish Government.

This Government regards the question as a domestic one the solution of which pertains to Denmark alone. It deems that it cannot in any way intervene to control, prescribe or sanction the manner in which the Danish Government may arrive at a judgment as to its competency to cede the islands. It does not feel that it can be a party to the execution of a formal contract the carrying out of which may depend upon a contingency as much beyond its own sphere of action as it is within the Danish sphere.

This Government stands ready for its part to sign the agreement which has been negotiated, without question as to the competency

of the Danish Government to do the same. Dealing as a sovereign, with a sovereign equal, it cannot share in raising a doubt as to the ability of its co-contractant to enter into the contract, or in enunciating the procedure whereby the Danish Government may satisfy itself on that score.

It is deeply regretted that at this late day, when the two years' controversial discussion has been agreeably closed, an obstacle should be discerned in the path of Denmark, and it is sincerely to be hoped that it may not prove a barrier to the realization of a project which appears to be so mutually advantageous.

Accept [etc.]

JOHN HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, January 15, 1902.

Brun advises Minister for Foreign Affairs by cable order plebiscite before signing the treaty. Press for immediate signature protesting against such delay and plebiscite as contrary to agreement.

SWENSON

Minister Swenson to the Secretary of State

[Extract]

No. 239

AMERICAN LEGATION,
Copenhagen, January 15, 1902.

SIR: I have the honor to confirm my cablegram of this date, which deciphered reads as follows: [Printed *ante*.]

The Minister for Foreign Affairs received a cablegram from the Danish Minister at Washington last Saturday, the 11th instant, informing him that you could not accept the proposal for a vote. Nevertheless, Mr. Brun advises him to order an election in the islands before signing the treaty. This led Mr. Deuntzer to believe that you had intimated that such solution of the question would be acceptable to you, your objection being only against a stipulation for a plebiscite after signature of the treaty. Inasmuch as Mr. Brun had been instructed by mail to lay the matter fully before you, including the plan that he now recommends, and in view of your reply as cabled; my understanding is that you have declined to approve any of the propositions submitted by the Danish Government; and I have expressed this view to Mr. Deuntzer. He does not see, however, how Mr. Brun could give such advice without having assured himself that it would be perfectly safe to act upon it. I urged him to cable for more explicit information; but he preferred to await the arrival of an explanatory despatch, which he expects by next Monday's or Tuesday's mail—January 20 or 21st.—If the Minister for Foreign Affairs is given to understand that you will hear of no plebiscite before signature, he will, in my opinion, cause the treaty to be signed as soon as practicable. For political reasons, however,

he may conclude to order an election in the islands after the signature, making ratification dependent upon the result. It would be well for the United States Government to make such arrangements as this contingency may suggest. See my No. 235, of the 21st ultimo, as to the probable outcome of a plebiscite. Information that you, undoubtedly, have on file in the Department regarding the influences that were prominent in the election of 1867 are also of interest in this connection. The petition for a plebiscite, treated of in my No. 236, dated December 27, 1901, was presented to the King, Monday, the 13th instant, by a deputation composed of the following five members: G. Brandes, Ph. D., author; N. Bang, director; C. Nyrop, Professor University of Copenhagen; J. Scavenius, formerly member of Folkething—defeated for reelection last spring, Professor Tscherning, surgeon.

The last named acted as spokesman. He referred in rather apologetic words to the number of signatures secured—ca. 34,000. His Majesty who received the deputation cordially, replied as follows:

We thank you, gentlemen, for the interest you have manifested in this matter by referring it to us. As long, however, as diplomatic negotiations are pending, we are unable to express any opinion on the point you have emphasized. (Plebiscite.) We feel confident that our Ministry will safeguard the interests of the islands, and their inhabitants, and we beg you to share this, our confidence.

Yesterday the petition was handed to the President of the Folke-thing, who communicated it to that body at the opening of the day's session.

It will lie three days in the reading room for inspection; and will then be taken up and referred to the Finance Committee.

This document has not made as much impression as had been expected. The Government organs—notably *Dannebrog*, owned by the Minister of Justice, and *Politiken*, with the Minister of the Interior as editor in chief—are belittling the whole movement for a vote by the "niggers." * * *

I have [etc.]

LAURITS S. SWENSON.

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, January 15, 1902.

Minister Brun, executing instructions of Minister for Foreign Affairs, has asked our formal assent to a plebiscite, and in the event of our not assenting, has intimated that upon assurance of the United States not objecting to plebiscite he would be authorized to sign, leaving the vote to be taken before ratification. I have answered Minister from Denmark that the processes by which Denmark may reach a conclusion to ratify being wholly of the domestic concern of Denmark I felt unable to unite with Danish Government in prescribing a popular vote and could neither assent nor object thereto. As Denmark is thus made aware of our interposing no objection, the signature of the treaty forthwith appears to be the necessary and proper step. Each party signs subject to ratification according to

its own domestic procedure, the form and manner of which is not subject to the consent or question of the other party.

You will press this view upon the Minister for Foreign Affairs as being the course which at this juncture best befits the sovereign rights of the two Powers. Delay in signing treaty is to be deprecated because likely to involve embarrassment here.

HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, January 16, 1902.

Full power to sign is being made out, and will be cabled as soon as possible.

SWENSON

Minister Swenson to the Secretary of State

No. 240

AMERICAN LEGATION,
Copenhagen, January 18, 1902.

SIR: I have the honor to acknowledge the receipt of your cablegram of the 15th instant, which reads as follows: [Printed *ante*.]

Immediately on receipt of your cablegram, I communicated it to the Minister for Foreign Affairs. You will find enclosed herewith a copy of my note of transmission.

In a personal interview which I had with Mr. Deuntzer, he expressed his satisfaction with your reply to his inquiry, which he considered clear and complete. He assured me that no further obstacle to signing the treaty existed; and that full power would be cabled Mr. Brun as soon as the King's formal sanction had been obtained; the necessary formalities for which would be observed with the greatest possible dispatch. The petition for plebiscite, spoken of in my No. 239, of the 15th instant, has now been presented to the King, the Premier, and the presiding officers of the two houses of the Rigsdad.

My opinion is that it will have but little effect. The fanning that caused the patriotic flames to burn so high in certain quarters a month ago has almost ceased.

I have [etc.]

LAURITS S. SWENSON

[Inclosure]

Minister Swenson to the Minister for Foreign Affairs

AMERICAN LEGATION,
Copenhagen, January 16, 1902.

EXCELLENCY: I have the honor to communicate to your excellency a cablegram which I received this morning from the Secretary of State and which deciphered reads as follows: [Quotes telegram of January 15, 1902.]

The above message clearly defines the attitude of my Government on the question of an eventual plebiscite, independent of treaty stipulations, adopted by

the proper authorities in Denmark as part of the procedure in acting on the ratification of the treaty, when it shall be submitted for the required sanction. This matter is thus eliminated from the discussion; as it lies wholly within the sphere of Danish jurisdiction and prerogative, upon which the United States Government has neither the competence nor the inclination to encroach.

Now that the last cause of delay has been removed, I earnestly hope that the necessary formalities for executing a full power to sign the treaty will be completed with the greatest convenient celerity, in order that Mr. Brun may be cabled authority to affix his signature as soon as possible.

It is gratifying that the protracted negotiations for the cession of the Danish West Indies have come to a successful termination—a fact I now take for granted.

The negotiations which have been conducted in the friendliest spirit, have been marked by a frankness and singleness of purpose that has made the exchanges of views and proposals on the subject in question most agreeable; and, if possible, drawn the two countries closer together than ever.

This is cause for gratification, and is, I assure your excellency, highly appreciated by my Government.

I gladly avail myself of the opportunity to give expression to the feeling of personal pleasure and satisfaction I have derived from my connection with this work.

Your excellency, as well as your predecessors and Director General Krag have made my task one of enjoyment by the courteous manner in which you have discussed our differences, and the frankness and friendliness with which you have met me. For all of which, I beg you to accept my sincere thanks.

I trust that neither of the signatory parties will ever have cause to regret the transfer of the three little pearls in the western seas.

The situation of the islands, the character of their inhabitants, and their commercial interests point to a bright future for them under the American flag.

The benevolent colonial policy as well as the traditions of the liberal Republic which is to control their destiny is a guarantee that the best interest of the inhabitants will be safeguarded; and that the blessings enjoyed by the people of the United States will ere long gladden the homes of this handful of people.

Be pleased to accept [etc.]

LAURITS S. SWENSON

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, January 23, 1902.

MR. SECRETARY OF STATE: I have the honor to inform your excellency that through a cable message received today from my Government, I have been authorized by His Majesty the King of Denmark to sign the convention for the cession of the Danish West India Islands to the United States.

In signing this convention I am instructed to reserve to Denmark the right to take a plebiscite in the islands, when the ratification of the Convention shall have been advised by the United States Senate.

The regular full power will be mailed to me and submitted to your excellency at once upon the receipt here of that document.

I have furthermore the pleasure to state, that the draft note received with your excellency's personal letter to me of December 3d, agrees entirely with the views of my Government and will be satisfactory to the same if signed and handed over to me simultaneously with the signature of the convention.

Asking your excellency to be so good as to acknowledge the receipt of my present communications, I have [etc.]

C. BRUN

CONVENTION BETWEEN THE UNITED STATES AND DENMARK FOR
THE CESSION OF THE DANISH WEST INDIES

Signed at Washington, January 24, 1902. Ratification advised by the Senate February 17, 1902. Ratified by the President, March 1, 1902.

The United States of America and His Majesty the King of Denmark being desirous of confirming the good understanding which exists between them, have to that end appointed as Plenipotentiaries,

The President of the United States:

John Hay, Secretary of State of the United States; and His Majesty the King of Denmark:

Mr. Constantin Brun, Commander of Dannebrog and decorated with the Cross of Honor of the same Order, His Majesty's Chamberlain and Envoy Extraordinary and Minister Plenipotentiary at Washington; who, having mutually exhibited their full powers, which were found to be in due form, have agreed upon the following articles:

Article I

His Majesty the King of Denmark agrees to cede to the United States immediately upon the exchange of the ratifications of this convention the Islands of Saint Thomas, Saint John and Sainte Croix, in the West Indies, with the adjacent Islands and rocks, comprising in said cession all title and claims of title to the territories in and about said islands over which the Crown of Denmark now exercises, asserts or claims jurisdiction.

This cession conveys to the United States the said Islands and appurtenances in full sovereignty, entire and unincumbered except as stipulated in the present Convention, with all the dominion, rights and powers which Denmark now possesses, exercises, asserts and claims therein; it being however understood and agreed that the consummation of said cession does not import the transference to the United States of the financial claims now held by Denmark against the Colonial treasuries of the Islands, it being agreed that these claims are altogether extinguished in consequence of the cession. And it is moreover understood and agreed, that the United States will assume and continue to discharge from the time of the cession the obligations heretofore incumbent upon the Danish Government towards the St. Thomas Floating Dock Company and the West India and Panama Telegraph Company.

No responsibility of any kind whatever is incumbent on the Danish Government, nor on the United States Government, as to the guaranty which, conformably to the ordinance of June 16, 1876, the Colonial treasury of Sainte Croix has assumed with regard to the payment of an interest of five per cent per annum to the holders of shares of the "Sainte Croix Fallessukkerkogerier" Company limited.

Article II

The aforesaid title conveys to the United States the absolute fee and ownership of all public, Government or Crown lands, public buildings, ports, harbors, fortifications, barracks, and all other public property of every kind and description belonging to the Government of

Denmark, together with every right and appurtenance thereunto appertaining: it being however agreed that the arms and military stores existing in the islands at the time of the cession and belonging to the Government of Denmark shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it, unless they, or parts thereof, may before have been bought by the Government of the United States upon a special agreement made with the Government of Denmark; it being however understood that flags and colors, uniforms and such arms or military objects as are marked as being the property of the Danish Government shall not be included in such purchase.

It is moreover agreed and understood: first, that the congregations belonging to the Danish National Church shall remain in possession of the churches which are now used by them, together with the parsonages appertaining thereunto, and secondly, that sums due to the Danish treasury by individuals are reserved and do not pass by this cession; and where the Danish Government shall at the time of the cession hold property taken over by the Danish Treasury for sums due by individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds within two years from the date of the exchange of ratifications of this convention, the United States Government being entitled to sell by public auction, to the credit of the Danish Government, what may not have been sold before expiration of the said term of two years.

The Danish Government retains the claims held by the same as a creditor against the "Ste. Croix Fallessukkerkøgerier" Company limited; should that Government acquire the ownership of property belonging to this Company in the island of Ste. Croix, the above provision regarding a sale within two years shall apply to such property; the two years however to begin from the date of the acquirement of ownership of said property which shall be within three years from the exchange of the ratifications of the present treaty.

Any Government archives, papers and documents relative to the islands ceded and the dominion of the same, which may now be existing there, shall pass by this cession, but an authenticated copy of such documents or papers as may be required will be at all times given by the United States to the Danish Government or to such properly authorized Danish officers or subjects as may apply for them.

Article III

Danish subjects residing in said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the right to sell or dispose of such property or its proceeds; and in case they remain in the islands, they shall continue until otherwise provided, to enjoy all the private, municipal and religious rights and liberties secured to them by the laws now in force. If the present laws are altered, the said inhabitants shall not thereby be placed in a less favorable position in respect to the above mentioned rights and liberties than they now enjoy. Those who remain in the islands may preserve their allegiance to the Crown of Denmark by making, before a court of record, within two years from the date of the exchange of ratifications of this convention, a declaration of

their decision to preserve such allegiance, in default of which declaration they shall be held to have renounced it and to have accepted allegiance to the United States; but such election of Danish allegiance shall not, after the lapse of the said term of two years, be a bar to their renunciation of their preserved Danish allegiance and their election of allegiance to the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States, for other inhabitants of the islands.

The civil rights and the political status of the inhabitants of the islands shall be determined by the Congress, subject to the stipulations contained in the present convention.

Danish subjects not residing in the islands but owning property therein at the time of the cession shall retain their rights of property, including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish subjects residing in the islands and remaining therein or removing therefrom to whom the first paragraph of this article relates.

Article IV

Formal delivery of the territory and property ceded as aforesaid shall be made immediately after the payment by the United States of the sum of money stipulated in the fifth article hereof; but the cession with the right of immediate possession is nevertheless to be deemed complete on the exchange of the ratifications of this convention, and any Danish troops which may be in the islands aforesaid shall be withdrawn as soon thereafter as may be practicable, but not later than six months after the said exchange; it being however understood that if those persons, after having terminated their Danish service, do not wish to leave the islands, they shall be allowed to remain there as civilians.

The Colonial Treasury shall continue to pay the yearly allowances now given to heretofore retired functionaries appointed in the Islands but holding no Royal Commissions, unless those allowances may have until now been paid in Denmark.

Article V

In full consideration of the cession of said islands in full sovereignty, entire and unincumbered except as stipulated in the present Convention, the United States agrees to pay, within ninety days from the date of the exchange of ratifications of this convention, in the City of Washington to the diplomatic representative or other agent of His Majesty the King of Denmark, duly authorized to receive the money, the sum of five million dollars in gold coin of the United States.

Article VI

In case of differences of opinion arising between the High Contracting Parties in regard to the interpretation or application of this convention, such differences, if they cannot be regulated through diplomatic negotiations, shall be submitted for arbitration to the permanent court of arbitration at The Hague.

Article VII

The ratifications of this Convention shall be exchanged at Washington, within six months from the date hereof, after it shall have been ratified by both the High Contracting Parties according to their respective procedure.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the English and Danish languages.

Done at Washington the 24th day of January in the Year of our Lord one thousand nine hundred and two.

JOHN HAY (Seal)
C. BRUN (Seal)

The Secretary of State to the Danish Minister

No. 369

DEPARTMENT OF STATE,
Washington, January 24, 1902.

SIR: On this gratifying occasion of signing the convention we have negotiated for the cession of the Danish West India Islands to the United States it appears to be expedient to advert to a phase of the matter which came into view during our consideration of the bases of agreement, but which from its nature did not admit of expression in the formulated convention.

In your note addressed to me on the 23rd of November ultimo, you said:

Your excellency will remember that during the long time of these negotiations private parties have repeatedly tried to impress on the negotiators the necessity of their good offices in order to attain the adoption of the treaty, with a view to obtain some compensation for themselves under the name of commission, provision or others. The Danish Government is under obligation to nobody in this respect, and your excellency has been good enough to inform me that the United States Government also has incurred no such obligation.

Responding to the desire expressed by you it affords me much pleasure to confirm in a more formal way as I now do, the statements in this regard which I have made to you orally heretofore.

The Government of the United States is in no manner under obligation to the good offices of private parties in reaching the agreement now happily brought about between the United States and Denmark, and cannot admit for its own part or support in any way any such claim against Denmark for commission, compensation or remuneration of whatever nature which might be made by private parties for alleged service in connection with the cession of the islands in question to the United States.

Be pleased to accept [etc.]

JOHN HAY

Minister Swenson to the Secretary of State

No. 243

AMERICAN LEGATION,
Copenhagen, January 31, 1902.

SIR: I have the honor to enclose herewith a copy, together with a translation, of a note from the Minister for Foreign Affairs, dated

the 24th instant, in reply to one which I addressed to his excellency, under date of December 16th last, relative to the termination of the negotiations and the signature of the treaty for the cession of the Danish West Indies to the United States.

I have [etc.]

LAURITS S. SWENSON

[Inclosure—Translation]

The Minister of Foreign Affairs to Minister Swenson

MR. MINISTER: I have had the honor to receive your note of the 16th instant, in which you were good enough to communicate to me a cablegram which the Secretary of State had addressed to you on that date, from which it appears that the Government of the United States would not object if the Danish Government should decide to submit the question of a cession of the Danish West Indies to the United States to a vote by the inhabitants of the islands, after the signature of the treaty but before the ratification of the same by His Majesty the King. This point having been clearly established, the King has affixed his signature to the full powers authorizing His Majesty's Minister at Washington to conclude and sign the convention as per the text agreed upon by the two Governments; and accordingly Mr. Brun has today been cabled authority to sign the convention, without awaiting the arrival of full powers, which have been forwarded by this day's mail.

In expressing to you my keen satisfaction at seeing the negotiations so long conducted by our two Governments thus terminated, I am glad to bear testimony to the spirit of frankness and cordial friendship in which they have been carried on by your Government, and which is sincerely appreciated by the King's Government.

It is with pleasure that I avail myself of the opportunity to make acknowledgement of the perfect courtesy and uprightness as well as the compromising spirit which you have evinced towards me throughout the negotiations, and which I assure you I shall ever cherish as a pleasant souvenir.

DEUNTZER

The Secretary of State to Minister Swenson

No. 137

DEPARTMENT OF STATE,
Washington, February 19, 1902.

SIR: I have to inform you that the Senate, by its resolution of February 17, 1902, has given its advice and consent to the ratification, without amendment, of the treaty signed by Mr. Constantin Brun, the Danish Minister at Washington and myself on January 24th last, providing for the cession to the United States of the islands of St. Thomas, St. John, and St. Croix in the West Indies.

I am [etc.]

JOHN HAY

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, February 22, 1902.

MR. SECRETARY OF STATE: I have the honor to inform your excellency, that I have today received a despatch from his excellency the Danish Minister of Foreign Affairs, dated Copenhagen, February the 8th, acknowledging the receipt of the convention which I had the honor to sign with your excellency on January the 24th for the cession to the United States of the Danish West India Islands.

The Minister states that a clerical error has been found in the Danish text of Article II of the copy intended for Denmark. This Article begins as follows in said copy: [Danish copy omitted] while the corresponding passage in the English text reads as follows:

The aforesaid title conveys to the United States the absolute fee and ownership to all public, Government or Crown lands, public buildings, ports, etc.

The English text is identical with the text approved by your excellency before the final signature of the treaty, but the following words:

"Offentlige, Regjerings-eller Kron-Grundstykker," being the exact translation of "public, Government or Crown lands," have fallen out by the engrossing of the Danish text here at this Legation.

The Minister instructs me to inform your excellency that the above-mentioned Danish words should be inserted in the beginning of Article II between the words "*alle*" and "*offentlige*", and that this addition has already been made in Copenhagen in the copy of the convention intended for Denmark. The Minister also expresses the hope, that if the same clerical error should be found in the copy intended for the United States, your excellency would cause the same addition to be made therein and, this done, would so inform me by a note, and that it would not be necessary to specially mention this correction of a clerical error in the instrument of ratification.

I regret extremely that this error should have occurred owing to the great haste considered necessary when the work of engrossing took place in the first days of December last, but venture to hope, that your excellency will approve of the addition made in Copenhagen in the copy intended for Denmark and will find it possible to have the same addition made in the copy intended for the United States without the formality of signing entirely new copies of the convention.

I have [etc.]

C. BRUN

The Secretary of State to the Danish Minister

No. 386

DEPARTMENT OF STATE,
Washington, February 24, 1902.

SIR: I have the honor to acknowledge the receipt of your note of the 22nd instant in which you call attention to the omission from the Danish text of Article II of the Treaty signed on January 24, 1902, for the cession of the Danish West India Islands to the United States of the Danish words "offentlige, regjerings-eller Kron-Grundstykker" equivalent to the English words "Government, public or Crown lands" which appear in the English text of the second article.

You state that these words have been inserted in the Danish original and inquire whether this may not also be done in the United States original.

In reply I have the honor to inform you that the omitted words have been inserted.

Accept [etc.]

JOHN HAY

Minister Swenson to the Secretary of State

No. 246

AMERICAN LEGATION,
Copenhagen, March 5, 1902.

SIR: I have the honor to confirm my cablegram of the 3rd instant, and to acknowledge the receipt of the Department's of the same date, in reply, as follows:^s

On the third instant the Director General of the Foreign Office showed me a communication from Mr. Brun, in which he reports that ratification of the treaty had been advised by the Senate; but that some time would likely transpire before the President would take formal action in the matter. I was informed that the Minister for Foreign Affairs did not intend to submit the treaty to the Rigsdag before he had received official notice of the President's ratification; and that no such notice had yet come from Mr. Brun. I thereupon cabled you as above; and on receipt of your reply immediately communicated the same to the Foreign Office. In a personal interview the Minister for Foreign Affairs expressed his gratification at receiving this information; and told me that he would transmit the treaty to the President of the Folkething the following day—March 5th. He expected that it would come up for discussion in that body on the 7th or 8th instant; and that the necessary consent would be secured without much difficulty. He is still in the dark, however, as to what course will be pursued by the Landsting. It is rumored that the matter will be referred to a special committee, which will report the treaty back with certain amendments, pertaining to citizenship and customs relations, and recommend that the question of transfer be submitted to a plebiscite in the islands, ratification to be made dependent upon the result. This would defer final action by the Landsting until after such proposed vote had been taken.

Though it is never safe to prophesy "unless one knows", I predict that the Rigsdag will ratify the treaty in its present form. It is not by any means certain that the Landsting will demand a plebiscite. A new petition is being circulated protesting against the sale of the islands on the ground that the treaty does not confer citizenship upon the inhabitants; that free trade with the United States is not guaranteed; and that St. Thomas is not continued as a free port. The petitioners find fault with the manner in which the negotiations have been conducted; saying that improper means were employed in creating a sentiment favorable to the purchase in the United States. This criticism is based on interviews, accounts, and newspaper articles emanating from Walter Christmas and Niils Gron, each one of whom claims the credit for having brought about the sale. Mr. Gron claims that he had practically completed the negotiations when they were suddenly interrupted by the breaking out of the Spanish American war.

Captain Christmas alleges that in the fall of 1899 he was authorized by the Hørring Ministry to make new overtures to the United States Government. As a result, the two commissioners, or agents, crossed each other's paths; and the story of the pot and the kettle was repeated. The repeated assertions of these adventurers that the Danish Government had offered them a commission of 10%

^s Not printed.

in the event of a sale; Captain Christmas' "official report"¹¹ to the Schested Ministry, in which he gives an account of how he had to bribe every public man in the United States whose influence was needed—except Senator Lodge—; etc., etc.; have been made use of to arouse indignation against the sale.

The signers of the petition referred to above pledge their moral and pecuniary support to any feasible plan for bettering the economical conditions in the islands. Leading business men, they say, have guaranteed that a new steamship line will be established for developing the commerce with the islands if they remain in the possession of Denmark.

You will find enclosed herewith a newspaper clipping containing a copy of the petition.⁸

The Minister of Foreign Affairs has asked me for certain information that he wishes to use in replying to the questions and arguments of the opponents of the treaty in the Rigsdag.

I have handed him copies of the recent Supreme Court decisions in the so-called insular tariff cases. I have familiarized him with the provisions of the Constitution and the Federal Statutes on the subject of citizenship and naturalization; with our system of state and territorial governments; with our colonial policy; etc.

In pointing out the wide scope given to local legislation under all these different forms of government, I have endeavored to show that the question of United States citizenship for the inhabitants of the Danish West Indies is after all more academic and sentimental than practical. The Minister fully concurs in my views; and hopes that he will be able to bring the Landsting around to his own view of the matter.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 248

AMERICAN LEGATION;
Copenhagen, March 22, 1902.

SIR: Referring to my No. 246, of the 5th instant, I have the honor to inform you that the Folkething gave its formal consent on the 14th instant to the ratification, without amendment, of the treaty for the cession of the Danish West Indies to the United States.

The resolution was adopted by a vote of 88 yeas against 7 nays. Six members abstained from voting, and twelve were absent. This decision had practically been reached in the three secret sessions which had been held previous to the discussion of the treaty in the open, or public, sessions, of which there were two. In the former, eighteen or nineteen members recommended that action on the ratification of the treaty be deferred until the wishes of the inhabitants of the islands respecting the proposed transfer had been ascertained by a plebiscite.

They were prevailed upon, however, to yield on this point; hence the final vote on the question of ratification was a direct one, with

¹¹ House Report No. 2749, 57th Cong., 1st sess.

⁸Not printed.

no conditions attached. The arguments advanced by the opponents of the sale were the same as those mentioned in my previous communications to you on this subject.

The treaty is now before the Landsting, which will follow the same procedure in discussing it as that adopted by the Folkething; that is, it will first be dealt with in one or more secret sessions, and then be disposed of after two public sessions.

The first meeting has been set for Tuesday, the 25th instant. This body has asked for copies of all communications relating to the negotiations between the United States and Denmark on this subject.

No definite action will be taken on the question of ratification before the Easter recess of the Rigsdag. It is expected, however, that the matter will come to a vote the first or second week in April. — I am in constant personal communication with leading members of the Landsting, keeping well informed of what is going on. I am still satisfied that a majority of that branch favors ratifications; but no one seems able to tell to a certainty whether a plebiscite will be insisted on or not. Strange to say, the opponents of the cession are again active. They held a secret meeting last Wednesday, which was attended by a large number of the most prominent business men of Copenhagen. There were ca. 400 persons present.

It was decided to concentrate all efforts towards inducing the Landsting to reject the treaty. To make an impression, on practical minds, not given to sentimental considerations, the sum of 1,900,000 Kronen was subscribed for the purpose of organizing a plantation company and establishing a steamship line between Copenhagen and St. Thomas. There were three subscriptions of 100,000 Kronen each.

I have [etc.]

LAURITS S. SWENSON

Select Committee on Purchase of Danish Islands to the Secretary of State

HOUSE OF REPRESENTATIVES,
Washington, March 31, 1902.

DEAR SIR: I have the honor to submit herewith an alleged report to the Danish Government from Captain W. Christmas Dirckinck Holmfeld, relative to the purchase of the Danish West India Islands.¹¹ You will observe that in this so-called report certain statements are made as to relations existing between yourself and the author of the report. I have no doubt that at some time in the near future the committee appointed by the House to investigate the matter of this report will be glad to have you appear before them to make such statement as to you may seem fitting.

Very respectfully yours,

JOHN DALZELL,
Chairman

¹¹ See House Report No. 2749, 57th Congress, 1st sess.

*The Secretary of State to the Chairman, Select Committee on Purchase
of Danish Islands*

DEPARTMENT OF STATE,
Washington, April 3, 1902.

SIR: I have received your letter of the 31st of March, and in reply beg leave to say:

In the early part of December, 1899, Captain Christmas called upon me at this Department, and informed me that, through private and personal sources in Copenhagen, he had become aware that there was a disposition among some of the leading members of the Danish Government to regard favorably an overture from the Government of the United States looking to the acquisition of the Danish Islands. He said that he had been a naval officer, and spoke at some length in regard to the desirability of the island of St. John as a naval station for the United States. At my suggestion he conveyed what further technical information he had on this subject to Admiral Bradford of the Navy Department. Although he presented no credentials whatever and expressly declared he had no official character, I thought his story was of sufficient interest to be worth investigation. I told him I would send a confidential and trusted agent of this Government to Copenhagen to ascertain unofficially the true state of affairs, and mentioned to him the name of Mr. Henry White, First Secretary of Embassy at London. Captain Christmas said he would like to be in Copenhagen when Mr. White arrived, and bring him into communication with the members of the Government whom he had mentioned. I gave him a note of introduction to Mr. White, and they met in Copenhagen, where Captain Christmas had arranged for an interview between Mr. White and a member of the Danish Government. Mr. Christmas was not present at this interview, and his connection with the matter ceased entirely at that time. He afterwards returned to Washington, and I saw him once or twice, but told him that there was no need of the services of any private person in any negotiations which might be taken up between the two Governments in regard to the acquisition of the islands.

I enclose a copy of a letter which I gave the Danish Minister in Washington at the time of the signing of the recent treaty, and also a copy of a letter which I have received from the Danish Minister, Mr. Brun, dated the 31st of March 1902.

Very sincerely yours,

JOHN HAY

Minister Swenson to the Secretary of State

No. 252

AMERICAN LEGATION,
Copenhagen, April 14, 1902.

SIR: I have the honor to enclose herewith, for your information, a copy of a communication addressed to me by Walter Christmas, under date of the 8th instant. In acknowledging the receipt of the same, I respectfully declined to cable the contents thereof to the Secretary of State. In view of Mr. Christmas's character and his absurd and contradictory statements regarding his alleged connection

with the negotiations for the cession of the Danish West Indies to the United States, I attached no importance to the representations set forth in the enclosed letter. It is quite generally understood here that Mr. Christmas and Mr. Gron are engaged in a purely personal controversy; and that their attempts to paint each other as black as possible are actuated by motives of revenge. Statements emanating from these two persons are viewed with suspicion.

In my No. 246, of the 5th ultimo, I reported that the opponents of the treaty were airing the Gron-Christmas scandal, hoping thereby to arouse popular indignation and to influence the Rigsdag against ratification.

The newspapers have kept the subject before the public; and crimination and recrimination have been the order of the day. No opportunity has been lost to give the scandal a serious aspect. The bribery investigation recently ordered by the lower house of Congress has been sedulously made use of for that purpose.¹¹

Few persons believe that the negotiations were in any way influenced by unofficial agents or that suggestions of corrupt means were ever made or countenanced by either of the two Governments.

The Danish Prime Minister, Mr. Herring, is thought to have been indiscreet in his dealings with Mr. Christmas, but beyond that the matter is not taken seriously. Nevertheless, the fact that such wide publicity has been given to the scandal causes a feeling of humiliation among the Danes, and rather strengthens the opposition to the cession.

The Landsting held its first secret session for consideration of the treaty on Tuesday, March 25th. Subsequent meetings have been held on the following dates: April 3, 4, 5, 7 and 9. I have been kept well informed of what has transpired in these sessions. The question of ratification has become a political one; and the Right is making desperate efforts to hold its members in line on all votes respecting the matter. In the secret session of Monday, the 7th instant, a motion to reject the treaty was defeated by a vote of 35 to 28. The Landsting is composed of 66 members, of which 35 belong to the Right (Opposition).

The next move by the antisale people came on Wednesday, the 9th instant, when they decided, by 35 votes, to report in favor of deferring ratification till after the question of the proposed cession shall have been submitted to a restricted vote in the islands. Two minority reports will be made. The Left, or Government party, will favor ratification of the treaty as consented to by the Folkething, that is, without any conditions attached. The independent group of 8 will recommend ratification dependent upon a subsequent plebiscite, or general vote, in the islands.

The reports are now being prepared, and will be laid before the Landsting in a secret session next Thursday, the 17th instant, for formal adoption by the committee of the whole.

The matter will then be brought to a vote in open session—probably in two or three days.

The result will show a disagreement between the two houses; and after the usual procedure has been observed, a conference committee will likely be appointed.

¹¹House Report No. 2749, 57th Cong., 1st sess.

It seems likely that an agreement will be reached on the basis proposed in the report of the independent group referred to above; though many leading members of the Folkething are strongly inclined to advise nonconcurrence in a compromise report.

The Minister of Foreign Affairs thinks that an uncompromising attitude on the part of the Folkething would result in the rejection of the treaty by the Landsting. There is much difference of opinion as to this. I have talked with prominent Landsting members of the Right, — on this point; and my impression is that if unconditional ratification is insisted on by the lower house, the upper house will yield by a very small majority. The opposition in the Landsting is being lead by Professor Matzen, the President of the thing; Mr. Estrup, the leader of the Right and formerly Premier of Denmark; and Mr. Holger Pedersen, a wealthy manufacturer. The last named has become fanatic on the subject of the transfer. In one of his speeches in secret session, he declared with intense feeling that he was ready to sacrifice his whole fortune to prevent the sale. *Vort Land* and *Nationaltidende*, dailies published in Copenhagen, have for some time been making a regular crusade against the sale.

The arguments advanced are the same as indicated in my previous despatches on this subject. The Brussels conference for the abolition of bounties on beet sugar has furnished the opposition with a new argument in favor of retaining the islands. It is pointed out that the cane sugar producing West Indies will profit by the proposed agreement; and that the main reason for selling the islands will thereby be eliminated.

I have [etc.]

LAURITS S. SWENSON

[Inclosure]

Captain Christmas to Minister Swenson

COPENHAGEN, April 8, 1902.

YOUR EXCELLENCY: Nearly two months ago some Danish gentlemen engaged a Danish born American citizen, named Niels Gron, to prevent the sale of the West Indian islands.

By foul means one of these gentlemen got hold of a confidential report of my doings in America, and provided Gron with a copy of the same.

I have reason to believe, that Gron has falsified my report, and I am already able to state—from newspaper cablegrams—falsifications on following points:

1. I have never impressed the former Prime Minister Hørring with the idea, that bribery was the way of getting the islands sold.

I never wrote anything like this in my report. The fact is that Gron two years before my taking the matter up, invented the whole 10% commission theory, and declared, that without spending this money no sale was possible.

2. Nowhere in my report I have given the name of any congressman in connection with my personal promise of money.

3. I have never written that bankers I. & W. Seligman had guaranteed certain contracts. I have in the contrary stated, that these gentlemen declined to do so.

4. I have never in any newspaper declared Mr. Gron's copy of my report to be correct, for the simple reason, that I have never seen any copy.

I do not understand how Congress can take up a matter like this without investigating about the informer, Niels Gron, and his so-called translation of a stolen document, belonging to the Danish Government. After what I can judge Mr. Gron has utterly falsified my report.

On the nineteenth of February I have through Ritzans' Bureau, sent to all Danish newspapers a declaration by which I, under my oath, state, that no members of Congress in Washington were interested directly or indirectly, with my knowledge, in the sale of the islands.

This declaration I deposited the next day in the Danish Foreign Office, demanding to have it forwarded to our Ambassador in Washington.

I sincerely regret that the Minister of Foreign Affairs declined to do so, and I do not understand his motives; the whole scandal might have been avoided.

I hereby entreat your excellency to cable the content of this letter to Secretary of State, Mr. Hay, and I offer to pay the cable expenses myself.

I have [etc.]

WALTER CHRISTMAS

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, April 18, 1902.

MR. SECRETARY OF STATE: By direction of his excellency the Danish Minister for Foreign Affairs I have been instructed to unofficially call your excellency's attention to some errors in connection with the Convention of January 24, 1902 for the cession to the United States of the Danish West Indies, which appear in the report on this subject of the Committee on Foreign Relations of the United States Senate called Report No. 1. Executive. To accompany Executive M. 57th Congress, first session.

This report says on page 13:

The object of the closing provision of Article I is to discharge the insular treasury and the Government of the United States from all liability by reason of the nonpayment of the guaranteed interest.

And again a few lines below:

No responsibility or obligation of any kind rests on the Government of the United States or on the insular treasury in connection with the St. Croix Sugar Company.

This is evidently an entirely erroneous interpretation of the last part of Article I of said convention, in which it is said:

No responsibility of any kind whatever is incumbent on the Danish Government, nor on the United States Government, as to the guaranty which, conformably to the ordinance of June 16, 1876, the colonial treasury of Saint Croix has assumed with regard to the payment of an interest of five per cent per annum to the holders of the shares of the "Sainte Croix Fallessukkerkogerier" Company Limited, while this article does not say and cannot in any way be understood to suggest or involve that the Colonial Treasury should after the cession be held to be discharged from all liability by reason of the nonpayment of the guaranteed interest.

That no responsibility or obligation of any kind rests on the insular treasury in connection with the St. Croix Sugar Company is just the contrary of the real situation in regard to the guaranty of the insular treasury towards the shareholders. It was also distinctly admitted from both sides during the negotiations, that the liability for said guaranty would remain with the insular treasury of Sainte Croix, and it was for this very reason that the words "except as stipulated in the present Convention" were inserted in Articles I and V after the words "in full sovereignty, entire and unincumbered."

The report also says:

In point of fact, the unfulfilled guaranty of the insular treasury could not subsist as a valid claim in favor of Denmark.

These words appear to suggest the supposition, that the nonpayment by the colonial treasury to the shareholders of the guaranteed

interest should result in a claim on the colonial treasury in favor of the Danish Treasury, a misunderstanding which is inexplicable to my Government.

The report appears finally as an argument for the opinion, that the colonial treasury would by the convention be discharged from all liability by reason of the nonpayment of the guaranteed interest, to refer to a note which I had the honor to address to your excellency under date of November 23, 1901 and in which I said:

The guarantee of 5 per cent interest per annum, which, according to the above, is incumbent on the colonial treasury of St. Croix in regard to certain shareholders, will cease as soon as the Danish Government has acquired the ownership of the mortgaged property of the Fallessukkerkogerier by execution sale, because, in accordance with the ordinance of June 16, 1876, this guaranty should only last until the loan given by the Danish Treasury was liquidated.

I am instructed to call the attention of your excellency to the fact, that this, of course, was only meant to express, that the guaranty in question would cease for the future, while the claim of the shareholders in regard to the guaranteed interest due before the liquidation would remain in force. It was at the time thought unnecessary to add the words "for the future" to the word "cease", as no misunderstanding seemed possible on this point.

In directing me to call the attention of your excellency to the above-named points, it is of course far from the intentions of my Government to in any degree criticize the report of the Foreign Committee of the Senate, but the expressions used in this report have given rise to the fear, that an erroneous understanding of the same points might subsist or arise in other quarters, and it is my Government's wish to prevent every possibility thereof by seizing this opportunity to call attention to the right interpretation of the Convention.

I have [etc.]

C. BRUN

Department Memorandum

The note of Mr. Brun, the Danish Minister, brings to the attention of the Department the last paragraph of Article I of the Treaty of Cession to the United States of Danish islands in the West Indies, with reference to the question what effect said paragraph may have upon any obligation the colonial treasury of St. Croix may have assumed with regard to the payment of an interest of 5% per annum to the holders of the shares of the Saint Croix Fallessukkerkogerier Company, Limited.

"It is not allowable to interpret what has no need of interpretation," and therefore it is evident that Mr. Brun's note is entirely correct in stating that

This Article (I) does not say and cannot in any way be understood to suggest or involve that the colonial treasury should after the cession be held to be discharged from all liability by reason of the payment of the guaranteed interest.

His statement is also correct that under the treaty of cession, whatever liability existed against the insular treasury in connection with the Sainte Croix Sugar Company prior to the cession would remain with the said treasury after the cession.

From the foregoing it follows, as a matter of law, that the guaranteed creditors will retain their remedies, after the cession, fully and precisely, as they existed prior to the cession except so far as is expressly stipulated in the treaty to the contrary; and the contention of Mr. Brun in this sense is undoubtedly correct—that the guaranty would subsist against the colonial treasury until the loan and guaranty were liquidated, when the guaranty in question would cease for the future.

The treaty in question is to be interpreted and carried into execution by the Executive Governments of the high contracting parties; but in respect of the provision of the treaty to which Mr. Brun's note is addressed, the meaning is so clearly expressed, as already indicated, that there is nothing to interpret.

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, May 2, 1902, 7:05 p. m.

Department's memorandum Committee on Foreign Relations referred to in Brun's note to you April eighteenth may cause rejection treaty. Cable explanation that will remove Danish Government objections, if possible.

SWENSON

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, May 3, 1902.

DEAR MR. MINISTER: I take pleasure in confirming what I said to you this morning, that this Government is bound by the text of the treaty as adopted, and that our interpretation of it agrees with that of the Danish Government as set forth in your note of April 18th.

Very sincerely yours,

JOHN HAY

The Secretary of State to Minister Swenson

[Telegram]

DEPARTMENT OF STATE,
Washington, May 3, 1902.

Have informed Danish Minister here that this Government agrees with the Danish Government in its interpretation of the treaty as set forth in Mr Brun's note of April 18th.

HAY

Minister Swenson to the Secretary of State

No. 255

AMERICAN LEGATION,
Copenhagen, May 6, 1902.

SIR: I have the honor to confirm my cablegram of the 2nd instant and to acknowledge the receipt of yours of the following day, in reply as follows: [Printed *ante*.]

My cablegram was caused by the following circumstances:

As indicated in my No. 253, of the 25th ultimo, the Landsting report on the ratification of the treaty for the cession of the Danish West Indies to the United States came up for consideration in the Folkething April 29th. The debate, which lasted about two hours, gave additional proof of the fact that the question of ratification has been made a party issue. By a vote of ninety-eight to seven—eight members being absent—the following resolution which I translate was adopted.

The Rigsdag gives its consent to the convention concluded at Washington, January 24, 1902, for the cession of the West India islands of St. Thomas, St. John, and St. Croix to the United States, on condition that the inhabitants of the islands, through a plebiscite, (similar to that of 1867), arranged by the Danish Government, express themselves in favor of ceding the islands to the United States of North America.

You will observe that this is identical with the resolution proposed by the minority of ten in the Landsting. The majority leader declared that in receding from its former position and showing such spirit of compromise, the Folkething had reached the limit of its concessions.

The matter was again sent up to the Landsting, where it was considered in two secret sessions (the house sitting as a committee) on April 29th and May 1st, respectively. It had been expected that these sessions would result in reintroducing the resolution previously adopted by this body; and that such action would give the minority the desired opportunity to move, in open session, that the matter be referred to a conference committee of the two houses, to which proposal the majority would agree. The progress of the deliberations was blocked, however, by a discovery made by Dr. Matzen, the President of the Landsting, and communicated by him to the Minister of Foreign Affairs, in a confidential letter bearing date April 29, 1902.

By reading the report of the Senate Committee on Foreign Relations referred to above, Dr. Matzen had come to the conclusion that the parties to the treaty differed radically in the interpretation of an essential provision in Article I.

He considered the memorandum submitted to the Committee on Foreign Relations by the Department of State on this point to be of special importance; and found fault with the Minister of Foreign Affairs for not having called the attention of the Rigsdag thereto. He insisted on a satisfactory explanation before permitting further action on the treaty. The Minister of Foreign Affairs replied that Dr. Matzen was mistaken in his views as to the interpretation of Article I, and offered to prove that fact verbally to the Landsting. He appeared in the two secret sessions mentioned above, but failed to satisfy the opposition; and it was decided to make no further

move, pending an authoritative statement from the Department of State on the subject. The opposition majority made good use of this complication to draw its members closer together; and the anti-sale part of the press made the alleged difference between the two Governments appear as serious as possible—in fact represented it as an insurmountable obstacle to ratification. The Minister of Foreign Affairs and the Director General appealed to me to help them out of the difficulty by submitting my views of the interpretation of the treaty in writing. I assured them that my Government was in full agreement with that of Denmark on the interpretation in question; but told them I wished to communicate with the Secretary of State by cable before committing myself officially in writing. I had previously been informed of the Minister's despatch to Mr. Brun and had been shown a copy of the latter's note to you, under date of April 18th last. A cablegram had been sent to Mr. Brun but the desired information had not been received when your cablegram reached me. I immediately communicated to the Minister of Foreign Affairs your reply to me. You will find enclosed herewith a copy of my note to him. He expressed much gratification and felt quite reassured.

The president of the Landsting was notified yesterday; and this afternoon a secret session was held in which the majority decided to reintroduce the resolution originally passed, as explained above. To-morrow an open session will be held, at which a conference committee of the two houses will likely be agreed to. A compromise on the resolution proposed by the Landsting minority of ten and now accepted by the Folkething seems probable.

I have [etc.]

LAURITS S. SWENSON

[Inclosure]

Minister Swenson to the Minister of Foreign Affairs

No. 150

AMERICAN LEGATION,
Copenhagen, May 4, 1902.

EXCELLENCY: It gives me much pleasure to communicate to your excellency the following cablegram from the Secretary of State, which I received this morning: [Quotes telegram of May 3, 1902.]

This clear, authoritative statement leaves no room for any doubt or difference of opinion on the part of the two Governments regarding the interpretation of the closing provision of Article I of the treaty in question.

Your excellency's views with respect to the obligations arising from the 5% guarantee to the stockholders of the St. Croix Sugar Factories were well defined in the official interviews and correspondence that preceded [preceded?] the signature of the treaty; and I felt confident that no obscurity, ambiguity, or misunderstanding had led my Government to impart any other meaning to the text referred to above than that now held by Secretary Hay to be the accepted import.

I trust that Mr. Hay's statement will dispel all misgivings as to the interpretation of the treaty and thus serve to hasten its ratification.

I avail [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, May 16, 1902, 5:50 p. m.

The Folkething today adopted the majority report conference committee, ninety-seven to two. The Landsting adopted the

minority report, thirty-three to thirty. This disagreement precludes ratification treaty this session, which closes shortly. The Minister for Foreign Affairs intends to submit treaty [to] the Rigsdag again in October, expecting September elections to the Landsting will give favorable majority ratification. Cable me that you stand ready to extend the limit ratification up to a year.

SWENSON

The Secretary of State to Minister Swenson

[Telegrams]

DEPARTMENT OF STATE,
Washington, May 17, 1902.

I have already said to Mr. Brun that I would sign a protocol extending limit ratification whenever he is authorized.

HAY

DEPARTMENT OF STATE,
Washington, May 19, 1902.

Propose to Minister Foreign Affairs, extension for one year of period of ratification.

HAY

No. 257

AMERICAN LEGATION,
Copenhagen, May 22, 1902.

SIR: I have the honor to confirm my cablegrams of the 16th and 17th instant and to acknowledge the receipt of yours of the 17th and 19th, in reply, as follows: [Printed *ante*]

Tuesday, last week the Minister of Foreign Affairs told me that in case the Rigsdag was prorogued without having given its consent to the ratification of the treaty, the King would be very reluctant to authorize a prolongation of the six months' period stipulated in the treaty.

He was of opinion that if the United States Government declared its readiness to extend the limit for ratification, His Majesty would not feel at liberty to withhold his sanction. As soon as the fate of the conference committee's report had been settled, I accordingly cabled you as above. On the following day, the 17th, the Minister for Foreign Affairs informed me that he had seen the King; and that owing to His Majesty's attitude he wished my Government to make the request for the extension of the period for ratifying the treaty. He admitted that the customary procedure would require that such proposal come from the Danish Government; but hoped that under the circumstances no question of formality would be raised and that the course suggested would be acceptable. I was shown a cablegram from the Danish Minister at Washington, in which he reported that you had expressed a desire on the 15th instant to have the period in question extended. I supposed that this would be sufficient for Mr. Deuntzer's purpose; but he did not consider it an official request; and I therefore immediately cabled you as per my second message above.

Your reply was communicated to the Foreign Office in a note, dated the 20th instant, a copy of which is enclosed herewith. The Minister of Foreign Affairs has verbally expressed his satisfaction with your instruction to me; and has assured me that Mr. Brun will be authorized to sign the necessary protocol. The matter will be brought up in a Council of State to be held to-morrow. To further elucidate the present status of the question of ratification, I continue my report of the proceedings in the Rigsdag and add such other information as I consider pertinent.

As indicated in my No. 255, of May 6th, the Landsting on the following day restored the resolution sent up from the Folkething to the form originally given it by the upper house. The minority leader thereupon moved that, in view of the conflict between the two houses, the matter be referred to a conference committee to be composed of thirty members: fifteen from each house. This motion prevailed, and was subsequently concurred in by the Folkething. On the 9th instant the conferees were elected. The committee held meetings May 10, 12, 13, and 15. Some of the members of the Right showed a disposition to agree to a compromise; but Dr. Matzen, a stubborn opponent of the treaty, made the differences appear irreconcilable, and with his party colleagues, including Schested and Goss of the former Ministry, succeeded in preventing an agreement. Two reports were consequently made: a majority recommending the adoption of the resolution previously passed by the Folkething, and a minority recommending the adoption of that previously passed by the Landsting. See my Nos. 253 and 255, dated the 25th ultimo and the 6th instant, respectively. The three representatives of the independent group in the Landsting voted with the Left, or Ministerial party. The Right, or Opposition, had eight members on the committee—all from the upper house; their insignificant following not entitling them to any representation from the Folkething.

I enclose a copy, together with a translation, of the committee's report, which was submitted to the Rigsdag on the 16th instant, with the result that the resolution proposed by the majority passed the Folkething by a vote of 98 to 2 (not 97 as above), 5 not voting, and 8 being absent; whereas the one proposed by the minority passed the Landsting by a vote of 33 to 30, 1 not voting and 1 being absent.

The absentee, who was sick, would have voted with the minority, making the margin two instead of three. It was with the greatest difficulty that the Right held its votes together in the upper house. One member of that party refused to vote. A motion to reject the treaty would have been defeated as it had previously been in secret session. As soon as the test vote referred to above had revealed to the Opposition leaders the fact that a number of their party adherents favored ratification, they resorted to indirections for the purpose of presenting a united front. They proposed to defer action on the treaty until the advice of the electors to the colonial councils in the islands had been asked. By means of frequent caucuses, in which strict party discipline was enforced, they thus succeeded in delaying matters and, finally, in bringing about a disagreement between the two houses of the Rigsdag.

Much party feeling was injected into the debate, which at times was quite acrimonious. It was pointed out by the Ministerial side that there had formerly appeared to be a general sentiment in favor of selling the islands; that a despatch from Mr. Carr to the Secretary of State showed that Mr. Estrup, the present leader of the Opposition, had favored such sale in 1894, when he was President of the Council and Minister of Finance; that the Horring and Schested Ministries, both of the Right, had conducted negotiations looking to a transfer; that the finance committee of the Landsting had advised the conclusion of a treaty of cession in two communications to the Minister of Foreign Affairs, one dated January 24, 1901, the other, January 22, 1902—two days before the treaty was signed at Washington; that members who now opposed a plebiscite (because the friends of the treaty declared themselves willing to accept it) had shortly before the conclusion of the convention signed a petition to the King, Ministry, and Rigsdag, praying that

no decision with respect to the alienation of our West India colonies be taken except on the basis of a free vote by the inhabitants of the islands, in accordance with the principles of a popular franchise, and that the necessary arrangements for the taking of such vote be made as soon as the circumstances will permit.

See in this connection my No. 236, of December 27, 1901. Surprise was also expressed that members who had helped to form committees and had contributed of their private means for a prosale campaign now were numbered among the gentlemen that placed obstacles in the way of ratification; and that four former members who had held portfolios in the Horring and Schested Ministries—Mr. Schested, Minister of Foreign Affairs, included—now supplied the enemies of the treaty with the necessary votes to prevent ratification.

The letters from the Finance Committee referred to above may be of interest to you. Translations of the same follow:

FINANCE COMMITTEE OF THE LANDSTING,
(Copenhagen, January 24, 1901.

Having duly considered the communications from their excellencies the Minister of Foreign Affairs and the Minister of Finance with respect to a proposal from the United States Government for the cession of the Danish West Indies to the United States of America, a majority of the Landsting's Finance Committee (all excepting Carstensen) does not advise against (11 members, on the contrary recommending) such session, if:

1. By treaty stipulation the islands and their inhabitants secure such measure of civil liberty and free trade with the United States as is necessary for a better economic development, contributing to the welfare of the people, than can be expected under Denmark, even if our country were prepared to make greater sacrifices, especially pecuniary, than we have reason to expect.

2. And the Danish Treasury, in consequence of the conditions of such cession, is completely, or at any rate approximately, indemnified for its claims against the colonial treasures and the burdens resulting from the cession. Carstensen advises against the proposed session.

C. MOLTKE

*To His Excellency
The President of the Council.*

THE COMMITTEE OF THE LANDSTING,
Copenhagen, January 22, 1902.

In compliance with your excellency's request, you are hereby advised that the majority of the Finance Committee (8) members adheres to its communication of January 24, 1901, to the former President of the Council, in accordance with which one member of the majority (Carstensen) is unconditionally opposed to

the sale of the West India Islands, while the remaining seven insist on the conditions set forth in the letter referred to above, especially that, by treaty stipulation the islands and their inhabitants secure such measure of civil liberty and free trade with the United States as is necessary for a better economic development than can be expected under Denmark.

The aforesaid members of the majority beg to add that in case such stipulation can not be secured, they will, nevertheless, under the circumstances, agree to a cession of the islands, if the inhabitants are given an opportunity to vote in a satisfactory manner on the question whether they wish to remain under Denmark or prefer that the islands be ceded to the United States, and if the vote shows the latter preference.

The minority (7 members) approves the draft of convention for the cession of the islands submitted by your excellency.

C. MOLTKE

His excellency,

President of the Council, and Minister of Foreign Affairs Deuntzer.

Of the eight composing the majority of the Finance Committee, only Mr. Carstensen has shown consistency; the others have not respected the written pledge given to the Minister of Foreign Affairs.

Mr. Koch, the spokesman of the majority in the Landsting, was among the members who had signed the petition referred to above, "confidently and earnestly" praying the King, the Ministry and the Rigsdag that the question of ceding the Danish West Indies to the United States be submitted to a plebiscite in the islands. In the course of the debate on the treaty, he said: On April 22d—

I have established, by reference to our legislation, that the West Indies have a coordinate position with the rest of the monarchy; and that the inhabitants are just as good citizens of Denmark as the honorable member (Madsen-Mygdal) and I * * *.

On May 7th:

We stand on legal ground, the ground indicated by our legislation, when we say that the only persons we can ask (for advice as to cession) are the electors to the colonial councils. Others have had nothing to say regarding the affairs of the islands, as long as these have been in our possession * * *.

On May 16th:

A satisfactory election can not, in our opinion, be secured through a plebiscite * * *. The contents of petitions are, of course, wholly indifferent to the Rigsdag, which needs pay no regard thereto. We do not permit ourselves to be guided thereby * * *. When, as signer of the petition referred to, I have previously expressed myself in favor of a plebiscite, I have, in common with many others, not considered the subject in all its bearings.

In view of the inconsistency and shifting of ground explained above, the Ministry thought it useless to continue the session any longer; and accordingly the Rigsdag was prorogued on the day following the vote reported in my cablegram to you. An election to the Landsting takes place in September, when one half (27) of the elective members are to be chosen. The Right has 35 out of the 66 members of the Landsting as at present constituted.

The Ministry feels quite confident of reducing this number sufficiently by the coming elections to secure control of the Upper House in the next Rigsdag, which will convene in October.

The Minister of Foreign Affairs says that even if such result is not obtained, he at present intends to lay the treaty before the Rigsdag again at its next session.

I have [etc.]

LAURITS S. SWENSON

[Inclosure 1]

Minister Swenson to the Minister of Foreign Affairs

No. 154

AMERICAN LEGATION,
Copenhagen, May 19, 1902.

EXCELLENCY: I have the honor to communicate to your excellency the following cablegram, which I received last night from the Secretary of State.

"Propose to Minister for Foreign Affairs extension for one year of period of ratification."

Pursuant to this instruction, I would respectfully request that the Danish Minister at Washington be authorized to sign a protocol for the desired extension of the six months' limit for the ratification of the treaty for ceding the Danish West Indies to the United States.

In view of the fact that the Danish Rigsdag has been prorogued without having taken action on the treaty, your excellency will appreciate the reasons for making the above proposal.

I avail [etc.]

LAURITS S. SWENSON

[Inclosure 2—Translation]

Report of conference committee of Rigsdag on treaty for cession of Danish West Indies, May 15, 1902.

The attempt to agree on a resolution whereby both houses of the Rigsdag concurrently give their sanction to the convention of January 24th last has failed.

The majority (Blem, Jens Busk, N. Hansen, Harald Jensen, J. Jensen (Alb. A. I. V.) S. Jensen, Jensen-Stengaarden, K. M. Clausen, Madsen-Mygdal, Neergaard, Anders Nielsen, Chr. Nielsen, Norhave, Ole Olsen, N. Pedersen, Philipsen, Reevitz-Thott, Rosager, Rosloff, Steensen-Leth, Zahle) insists that the vote in the islands on which ratification is to be made dependent shall be a free vote in accordance with the principles of a common franchise; as was originally desired by all parties that demanded the final conclusion of the treaty made dependent upon a plebiscite. In conference, the majority moved that the right to vote be granted every person of good character, who has attained the age of 25, who has the right of a native, or who has resided in the islands for a period of at least five years; unless, having no household of his own, he is employed as a private servant, and provided that he has at no time been a public charge, and that he has the disposal of his own estate. This proposal the minority has declined to entertain; intimating, however its willingness to extend the right of franchise beyond the limit applying to electors for members of the colonial councils.

It has thus been proposed to give the right of franchise to every person of good character who has attained the age of 25, who has the right of a native or has resided in the islands for a period of five years, who can prove that he has an annual income of at least 300 West India dollars or real estate yielding a rental of at least 50 West India dollars. The minority further demands that the voting shall take place before the Rigsdag takes final action; and it will commit itself to ratification only in case the result of the election shows a three-fourths majority in favor of ceding the islands to the United States. With respect to this suggested proposal the majority has declared that if the minority would drop its limitation of the franchise, which it was impossible for the majority to accept, the latter was willing to consider the other details, including the agreement on a certain majority; and would likely be prepared to make concessions. This representation, however, proved unavailing.

The minority (la Cour, Goos, Hansen-Soleval, Koch, Matzen, Moltke-Lys-trup, Holger Petersen, Schested) begs to remark that it has been unable to accept the proposal for a plebiscite, which would essentially be governed by the same rules that obtain in elections for members of the Danish Folkething. The differences between the inhabitants of this country and those of the islands are so great that the minority considers it very questionable to permit the bulk of the inhabitants of the islands to exert a decisive influence in so important a question for the future of the islands by giving them a right to vote for or against the treaty of January 24, 1902. They are generally unmoneyed, and have heretofore been excluded from all influence on or participation in the public affairs

of the islands. To give these persons a right to vote, the minority finds so much the less defensible in view of the fact that, in its opinion, the only consideration that would speak in favor of a cession of the islands is their present and future economic welfare. Consequently, only that part of the population which has real economic interests in the islands ought to have an influence in deciding the question under consideration. It should be added that the vote proposed by the majority would not be a satisfactory (honest) vote, such as has always been expressly demanded by the Landsting. On the contrary, the minority expressed the opinion, in the meetings of the committee, that, considering the economic depression in the islands, it would be safe, in addition to the electors to the colonial councils, pursuant to the colonial law of November 27, 1863, to give the right of franchise to every person of good character having attained the age of 25, who has the right of a native or has resided in the islands the last 5 years, and who has an annual income of at least 300 West India dollars, or owns real estate in the islands the annual rental of which can be estimated at 50 West India dollars. Such voting should be secret; should be superintended by a commissioner sent from here by the King for that specific purpose; and should be taken separately on each of the islands. The minority remarked that the number entitled to vote under the above arrangement had been estimated to be more than twice the number of the electors to the colonial councils. He also added that in case the Rigsdag should find that three-fourths of the electors had voted for a cession, it ought to give its consent to ratification.

This proposal by the minority was, however, declared unacceptable to the majority.

Although the majority is of opinion that at this stage further discussion of the matter is useless, it wishes to remark that in the foregoing the minority is guilty of an utterly untenable contention when it asserts that only those having an annual income of at least 300 West India dollars or owning real estate in the islands the annual rental of which may be estimated at 50 West India dollars have real economic interests in the islands. The patent absurdity of this contention is so self-evident that it needs no refutation; but the majority has considered it best to invite the attention of the members of the Rigsdag as well as that of the public to the kind of arguments the minority make use of to avoid what is the only possible and justifiable course in case advice from the islands is to be sought, namely to take a plebiscite. Such vote has, indeed, been demanded by prominent members of the minority, as for instance in the petition which was handed to the King, praying that "no decision with respect to the alienation of our West India colonies be taken except on the basis of a free vote by the inhabitants of the islands, in accordance with the principles of a popular franchise, and that the necessary arrangements for the taking of such vote be made as soon as the circumstances will permit."

The following resolution is submitted for adoption by the two houses:

By the majority:

The Rigsdag gives its consent to the convention concluded at Washington January 24, 1902, for the cession of the West India Islands of St. Thomas, St. Johns, and St. Croix to the United States, on condition that the inhabitants of the islands, through a plebiscite (similar to that of 1867), arranged by the Danish Government express themselves in favor of ceding the islands to the United States of North America.

By the minority:

Before the Rigsdag takes final action on the convention of January 24, 1902, the electors to the colonial councils of St. Thomas, St. John, and St. Croix, as provided in paragraph one, clause one, of the colonial law of November 27, 1863, shall vote, secretly, on the question whether they wish to remain under Denmark or prefer that the islands shall be ceded to the United States of North America. Such election shall be superintended by a commissioner sent from here by His Majesty the King for this specific purpose.

(The report is signed by 29 members—one, Harald Holm, being absent when it was adopted.)

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, May 30, 1902.

MR. SECRETARY OF STATE: With reference to our conversation of yesterday morning I have the honor to inform your excellency that

I am now in possession of a cable message from my Government authorizing me to sign a protocol for the extension of the term mentioned in Article VII of the Convention of January 24 last concerning the Danish West Indies. The telegram does not suggest for how long time said term should be extended, and I therefore conclude that the time proposed by your excellency through the United States Minister at Copenhagen is entirely agreeable to my Government.

I take pleasure in placing myself at your excellency's disposal for further agreement on the protocol in question at any time which may be agreeable to your excellency.

I have [etc.]

C. BRUN

Minister Swenson to the Secretary of State

No. 258

AMERICAN LEGATION,
Copenhagen, June 2, 1902.

SIR: In a note dated the 28th ultimo, the Minister of Foreign Affairs informs me that on the previous day the King gave his formal consent to the extension for one year of the period for ratification of the treaty for the cession of the Danish West Indies to the United States; and that the Danish Minister at Washington would be authorized to sign the necessary protocol for that purpose without delay. I had two interviews with the Minister of Foreign Affairs, on May 28th and 29th, regarding the proposed prolongation. He called attention to the fact that, under the provisions of the treaty, the United States agrees to pay the stipulated five million dollars within ninety days from the date of the exchange of ratifications; but that the cession with the right of immediate possession is to be deemed complete on the exchange of ratifications. The enemies of the treaty in the Rigsdag had, he said, criticized this provision, asserting that it would enable the United States Government to take possession of the islands and then refuse to pay the purchasing sum. He asked if I thought my Government would have any objection to paying the consideration before it took possession, and to altering the convention to that effect.

He intended to submit such proposal through Mr. Brun; and would not instruct him to sign the protocol of extension before he had ascertained whether the Government of the United States would accept the desired amendment.

I replied that a reopening of the negotiations would give rise to complications; and urged upon him the desirability of cabling Mr. Brun authority to sign a protocol, in view of the fact that the Senate might adjourn before long. Incidentally I called attention to that part of the treaty reading: "Formal delivery of the territory and property ceded as aforesaid shall be made immediately after the payment by the United States, etc."

I hoped that the enemies of the treaty would not question the public honor of the United States; and I suggested that it might be construed as an endorsement of their views and a confession of lack of foresight on the part of the minority to revise the treaty in accordance with the wishes of its opponents. His excellency seemed to consider my points well taken; and decided to cable Mr. Brun at once.

He requested me, however, to advise you of the above criticism, and to ascertain if you could not give a written assurance that the United States Government would not take possession of the island before the five million dollars should have been paid.

I have [etc.]

LAURITS S. SWENSON

The Secretary of State to the Danish Minister

No. 410

DEPARTMENT OF STATE,
Washington, June 3, 1902.

SIR: I have the honor to acknowledge the receipt of your note of the 30th ultimo, by which you inform me that you have been authorized by your Government, by telegraph, to sign a protocol for the extension of the time mentioned in Article VII of the Treaty of January 24, 1902, concerning the Danish West Indies, within which the ratifications of the said treaty may be exchanged.

Inasmuch as the accomplishment of this object involves the amendment of a treaty already passed upon by the Senate of the United States, it is necessary that any instrument I may sign to that end shall also be submitted to the Senate for its advice and consent, and such instrument should be in the form of a supplementary treaty.

I have the honor therefore to enclose herewith for your consideration a draft of a supplementary treaty prolonging for a period of twelve months from July 24, 1902, the time within which the ratifications of the said treaty of January 24, 1902, may be exchanged.

Should the draft prove acceptable to you I shall be pleased to have it prepared for signature if you will kindly furnish me with the Danish text.

Accept [etc.]

JOHN HAY

[Inclosure]

Draft of Supplementary Convention

The United States of America and His Majesty the King of Denmark finding it expedient to extend the time within which may be exchanged the ratifications of the treaty providing for the cession to the United States of the Islands of Saint Thomas, Saint John and Sainte Croix in the West Indies, signed by their respective plenipotentiaries at Washington on January 24, 1902, have for that purpose appointed their respective plenipotentiaries as follows:

The President of the United States of America, John Hay, Secretary of State of the United States, and

His Majesty the King of Denmark, M. Constantine Brun, Commander of Dannebrog and decorated with the cross of the same order, His Majesty's Chamberlain and Envoy Extraordinary and Minister Plenipotentiary at Washington.

Who, after having communicated to each other their respective full powers, which were found to be in due form, have agreed upon the following amendatory article.

Sole Article

The time fixed by Article VII of the Treaty of January 24, 1902, between the United States and Denmark providing for the cession to the United States of the Islands of Saint Thomas, Saint John and Sainte Croix in the West Indies, within which the ratifications of the said Treaty shall be exchanged, is hereby prolonged for a period of twelve months from July 24, 1902.

Done in duplicate at Washington in the English and Danish languages, this — day of —, 1902.

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, June 3, 1902.

DEAR MR. BRUN: I enclose a memorandum as to the matter we conversed about some days ago.

Yours faithfully,

JOHN HAY

[Inclosure—Memorandum]

In case of judgments rendered by the Courts in the Danish West Indies and from which appeals shall have been taken to the Supreme Court of Denmark before the cession of the Islands to the United States, the Department is of the opinion that the latter court could not, in the absence of a treaty authorizing it, exercise jurisdiction to enforce its judgment within the United States as foreign territory; nor in such circumstances could the United States Courts enforce whatever judgment might be rendered by said Appellate Court.

In all cases where no such appeal was taken to the Danish Supreme Court, before the cession, it would not lie after the cession either to said Court or to any of the United States Courts, until the Congress has enacted appropriate legislation authorizing it. But the Congress does customarily pass such laws in such cases.

DEPARTMENT OF STATE,
Washington, June 3, 1902.

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, June 4, 1902.

MR. SECRETARY OF STATE: I have the honor to acknowledge the receipt of your excellency's note (No. 410) of the 3d instant with enclosure: a draft of supplementary convention to the Treaty of January 24, 1902 providing for the cession of the Danish West Indies to the United States.

This draft being in complete accordance with the wishes of my Government as cabled to me on May 29, I have the honor to enclose herewith a translation thereof into the Danish language and will be ready to sign this supplementary convention in duplicate at any time which may be agreeable to your excellency.

Accept [etc.]

C. BRUN

Minister Swenson to the Secretary of State

No. 260

AMERICAN LEGATION,
Copenhagen, June 4, 1902.

SIR: I have the honor to forward, under separate cover, for the files of the Department, copies of public documents relating to the ratification of the treaty for the cession of the Danish West Indies to the United States.⁸

These documents embrace the diplomatic correspondence submitted to the Rigsdag by the Danish Foreign Office; the committee reports

⁸ Not printed.

and resolutions of the Rigsdag; and verbatim reports of the debates in the two houses on the question of ratification.

I will thank you to favor this office with similar documents published by the Government of the United States.

I have [etc.]

LAURITS S. SWENSON

The Secretary of State to the Danish Minister

No. 411

DEPARTMENT OF STATE,
Washington, June 6, 1902.

SIR: I have the honor to acknowledge the receipt of your note of the 4th instant announcing your acceptance of the draft of the supplementary convention to the Treaty of January 24, 1902, providing for the cession of the Danish West Indies to the United States, which I submitted with my note No. 410 of June 3d.

I shall be pleased to sign the supplementary convention with you on Saturday morning, the 7th instant, at ten o'clock, if you find it convenient to call at the Department at that time.

Accept [etc.]

JOHN HAY

The Secretary of State to Minister Swenson

No. 149

DEPARTMENT OF STATE,
Washington, June 12, 1902.

SIR: I have to inform you that on the 7th instant I signed with the Danish Minister at Washington a supplementary convention extending for twelve months from July 24, 1902, the time within which may be exchanged the ratifications of the Treaty of January 24, 1902, providing for the cession to the United States of the Islands of St. Thomas, St. John and St. Croix in the Danish West Indies.

I am [etc.]

JOHN HAY

*The Secretary of State to Minister Swenson*¹²

No. 150

DEPARTMENT OF STATE,
Washington, June 16, 1902.

SIR: Referring to the Department's No. 149 of the 12th instant, I have to inform you that the Senate by its resolution of the 13th of June, gave its advice and consent to the ratification of the supplementary convention which I signed with the Danish Minister at this Capital on June 7, 1902, extending the time within which the ratifications of the Treaty of January 24, 1902, providing for the cession to the United States of the Islands of St. Thomas, St. John and St. Croix may be exchanged.

I am [etc.]

JOHN HAY

¹² The same, *mutatis mutandis*, to the Danish Minister.

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, June 16, 1902.

MY DEAR MR. BRUN: In answer to your verbal inquiry, I have pleasure in assuring you that the United States will not claim possession of the Danish Islands in accordance with the pending treaty until the sum of money stipulated in the treaty shall have been paid to the Danish Government.

Yours faithfully,

JOHN HAY

Minister Swenson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, October 22, 1902.

Treaty ceding Danish West Indies unexpectedly failed ratification Landstthing to-day tie vote, 32 to 32, one not voting.

SWENSON

Minister Swenson to the Secretary of State

[Extract]

No. 280

AMERICAN LEGATION,
Copenhagen, October 28, 1902.

SIR: I have the honor to confirm my cablegram of the 22d instant, as follows: [Printed *ante*]

As reported in my Nos. 270 and 274, dated Aug. 18 and Sept. 6 last, respectively, the autumn elections to the Landstthing resulted in a victory for the Government, in conjunction with the Independent Group. When the Rigsdag convened on the 6th instant, the fusion, or Government forces organized the Landstthing by electing as President of that body one of the Independents who was opposed to the sale of the Danish West Indies. Mr. Hansen, the successful candidate received 33 votes; Prof. Matzen, the former President, 26; and three votes were blank. The presiding officer having no vote, the numerical strength of the friends and the enemies of the treaty was not affected by this election. Immediately after the September elections, ratification of the treaty of cession seemed to be assured. Such, at least, appeared to be the prevailing opinion, shared even by the opposition press, judging from its silence or the changed tone of its comments on the subject.

The Ministry realized that there was a possibility of defeat; but the reports they received inclined them to take a hopeful view of the situation. The Upper House of the Rigsdag is composed of 66 members. In case all were present, 33 votes would be necessary for securing the required constitutional consent to the treaty. The Government had 32 votes pledged; the Opposition was supposed to have 29. The remaining four were new members, who had been elected as Independents. Three of these were known to be friendly to the Ministry and are expected to cooperate with it in important

matters of legislation. One of them had up to the time of his election favored the sale of the Danish West Indies, and owed his success at the polls to that fact—so it is claimed. After he had been chosen by the electors, he stated publicly that he had favored ceding the islands to the United States, but now that he was to have a voice in passing upon the question in the Rigsdag, he would defer his decision until he had investigated the matter more closely. A few days before the vote was taken, he declared privately that he would oppose ratification, and he so voted. Nothing could influence him to do otherwise. It transpired that another of the four who personally favors the sale had pledged his vote against the treaty in order to secure the necessary number of electors from the Right to obtain a seat in the Rigsdag. Still another, who represents a district in southern Jutland, was subjected to such pressure from his constituents, who sympathize strongly with Schleswig, and with whom he declared himself in accord, that he was inclined to vote against the treaty. He was, however, with considerable difficulty, prevailed upon to abstain from voting. The fourth one stated in the course of the debate on the first reading of the treaty that he had heretofore favored the sale, but had been won over to the view that the islands ought to be retained by Denmark for patriotic as well as commercial reasons. The treaty was submitted to the Landsting by the Minister of Foreign Affairs Oct. 8. He recommended ratification dependent upon a subsequent plebiscite in the islands. The matter was made a special order for Oct. 15 and 22, on which latter date the final vote was taken, with the result given above. The Right won its victory over the Government principally by superior organization and party discipline. They took special delight in embarrassing the Left which had forced their Ministry to resign a year ago last July. Four of the negative votes were cast by members of former Ministries that had committed themselves to a transfer of the islands to the United States, one of them being Mr. Schested who as Minister of Foreign Affairs neglected no opportunity to further the negotiations for the sale. Another member who yielded all other considerations to party loyalty had been a member of the committee that was formed a few years ago for the purpose of creating sentiment in America favorable to acquisition. Two adherents of the party, Thygesen and Raben—respectively 96 and 87 years of age—had been seriously ill for some time and were not expected to appear in the Rigsdag during the present session. They were, however, brought to the capital from their distant homes in Jutland,—and by careful nursing and medical attendance mustered sufficient strength to attend and answer the roll call on this occasion. It is doubtful if they will be seen in their seats again.

By means of public agitation, work on the part of influential private and official persons, tenders of financial support for improving economic conditions in the islands, etc., the patriotic feelings of many of the good Danes were aroused to a high pitch, especially in Copenhagen; and the fact that the King and other members of the Court were at heart opposed to the sale did not help to smoothen the path for the treaty.

The Ministry worked most energetically to secure the sanction of the Rigsdag; and was greatly disappointed at its failure to do so.

Not till Oct. 17 did the last one of the newly elected Independents declare his intention to vote with the Opposition. And even then it was thought that a majority for ratification would be obtained by the inability of one of the sick members mentioned above to attend, or by some member of the Right abstaining from casting his vote * * *.

Immediately after the adjournment of the Landsting on the 22d, a Cabinet council was held, at which a statement was agreed upon to be given out to the public, to the effect that the Ministry had no intention of resigning on account of the the action of the Upper Branch of the Rigsdag, and that it purposed appointing a commission to investigate into conditions in the islands, with a view to embodying into law such measures of reform as may be found advisable and practicable. Those who had made tenders of financial support for a new steamship line between Copenhagen and St. Thomas and for organizing a plantation company in the islands were asked to submit definite plans to the Minister of Finance and to take early steps towards redeeming their money pledges.

The day following the rejection of the treaty, the Minister of Foreign Affairs and the leader of the Government party in the Folkething delivered speeches in that body, upbraiding the Opposition in the Landsting for having defeated a convention concluded in good faith with a friendly Power, and throwing the responsibility for such action, with all that it implies, on the party of the Right. They wished it clearly understood that no one had any right to expect that the Government would assume additional burdens in connection with the administration of the islands. Such official utterances were demanded by the Folkething, which was practically unanimous for ratification, and whose members expressed their indignation freely over the turn matters had taken in the Landsting. On the 27th instant, a committee of the gentlemen interested in establishing a steamship line between Copenhagen and St. Thomas sent out a circular stating that a company for that purpose would be organized, with H. R. H. Prince Valdemar as Honorary President, and inviting the public to subscribe for stock, four million Kroner of which was to be issued.

A plantation company is also to be formed, for the purpose of improving the agricultural conditions in the islands. The Ministry is skeptical as to the beneficial results expected from these ventures.

Mr. Deuntzer has said to me that in his opinion the United States will eventually acquire the Danish West Indies. He thinks that the reaction in favor of a sale will be so strong that after a few years Denmark will be compelled to ask us to relieve her of these possessions.

He requests me to say to my Government that he regrets very deeply his inability to secure the sanction of the Rigsdag to a treaty that he had concluded, in full confidence that it would receive the approval of the legislative branch of the Government.

You will find enclosed herewith clippings from various newspapers bearing on the subject of this dispatch.¹³ I have translated such parts of the Danish comments as I think will be of interest to you.

¹³From the Paris editor of the *New York Herald*, October 23, 1902, from *The Times* (London), October 22, 1902, and two articles from *Dannebrog*, October 23, 1902.

I forward, under separate cover, copies of the *Rigsdagstidende* containing full reports of the proceedings in the Landsting on the treaty, together with the speeches in the Folkething mentioned above.

I have [etc.]

LAURITS S. SWENSON

Minister Swenson to the Secretary of State

No. 282

AMERICAN LEGATION,
Copenhagen, November 3, 1902.

SIR: Referring to my No. 280, dated the 28th ultimo, I give below a translation of the essential parts of the speech delivered by Premier and Minister of Foreign Affairs Deuntzer in the Folkething, Oct. 23, on the rejection of the treaty ceding the Danish West Indies to the United States.

It has been painful for me to participate in the debates which have taken place in the other House on this subject. As that branch is not represented in this chamber, I shall refrain from alluding to it in strong or disparaging terms. I commit no indiscretion, however, in confessing that the whole manner in which the subject was treated in that body has not only surprised me but has grieved me deeply. I hold, without reference to details, that whatever differences of opinion may originally have existed with respect to the proper action to be taken in this matter, such a point had been reached with the conclusion of the treaty, approved by those factors in both Houses whose advice it was practicable to procure, that all internal differences should have been dropped, and we should have had the feeling of acting on a matter which concerned a foreign Government, and in which the other party to the treaty could not be expected to distinguish between the Ministry with its adherents on one side and its political opponents on the other. A foreign country is compelled to look upon the Danes as a nation which in the present case entered upon negotiations, which it zealously carried on for many years, under different Ministries, finally concluding a treaty, but which in the end would not stand by its word. And it witnesses the pitiful spectacle that the Folkething decides the case by an overwhelming majority, in favor of friendly international relations; while the other House rejects the treaty by a tie vote, which under the rules kills it. This is to me the worst side of the affair. Whether it will result in political complications I dare not venture to say; and I beg your honorable body to note that I have not in debate uttered a single word in this or in the other House that I can not stand by or which is not absolutely true. Neither have I at any time referred to international relations, expressed the least apprehension on that point, or suggested possible dangers in that direction. I have refrained from doing so intentionally, being convinced that every man who has a desire to take an active part in the politics of his country must realize that even if certain means and methods are permissible in domestic politics, the situation is different when a foreign country is involved. Duty demands unity of action in such a case. That duty has not been fulfilled in the present instance; and here is the result. * * * It is a work which has been prosecuted for forty years, well-nigh uninterruptedly, which was taken up by three successive Ministries of the Right; and there is little doubt that if a Ministry of that party were now in power the matter would long ago have reached a different solution from the present one. It is not a question belonging to the Left. On the contrary, the structure that they have destroyed is of their own building; and their own efforts now lie shattered at their feet. * * * It can not be demanded that the Ministry, and especially not that I, shall bear any responsibility for the improvement or welfare of these islands. * * * I do not believe that anything can be done that will prove of actual benefit to them; nor do I believe that the legislative branch of the Government will give its consent to sacrifices of any importance.

I have [etc.]

LAURITS S. SWENSON

II. INFORMAL DISCUSSIONS

Consul Payne to the Third Assistant Secretary of State

No. 69

AMERICAN CONSULATE,
ST. THOMAS, D. W. I., June 5, 1905.

SIR: The Hamburg American Steamship Company, which has the largest and best equipped station, here, seems to [be] gradually absorbing every possible shipping and transporting interest in this port and harbor. Within the last few months, it has, to all appearances, absorbed a Danish Ship Company known as the West India Company, Limited. This was accomplished through the East Asiatic Company. The Hamburg American Company has a coal dock, and warehouse capacity far exceeding any other in this port, in addition to this, there is being constructed a coal dock of large capacity by the East Asiatic Company. This work was begun by the West India Company, Limited and was turned over to the East Asiatic Co. by the West India Co., together with its ships and other interests. The management and control of the ships was then placed in the hands of the Hamburg American Company by the East Asiatic Company while the new coal wharf remains, nominally, in the hands of the East Asiatic Company. The general impression is that the Hamburg American Company which, is of course German, is interested in this wharf enterprise also. Another thing which seems exceedingly strange, is the appointment of Captain Sönderhoff, a German, and as I am informed not even a burgher here, a Crown member of the colonial council, the peculiarity of this appointment is more apparent when it is remembered that he, Sönderhoff, is Consul of the German Empire, and in that capacity represents every interest of that Government, and is also superintendent of the Hamburg American Company here, and was appointed to the position of Crown member of the colonial council by King Christian of Denmark. This colonial council together with the colonial governor has charge of the administration of the government of this island and the Island of St. Jans. So that Captain Sönderhoff, a German citizen and, representing his Government here and also the superintendent of the great Hamburg American Steamship Company's interests, is made a part of the Danish Government in the Danish West Indies. All of these things together with the fulsome favors constantly shown the German naval people during the long stays made here each year by their warships, cause one to wonder what next. I send herewith enclosed a marked copy of a newspaper^s published here in which an article appears, containing views which will probably give additional light upon matters referred to in this despatch.

The reference made in the article to German acquisition of foothold under a "Danish make-believe" simply expresses views had here, in, probably, a more pronounced form than in St. Lucia.

I am [etc.]

CHRISTOPHER H. PAYNE

^s Not printed.

Minister O'Brien to the Secretary of State

No. 5

AMERICAN LEGATION,
Copenhagen, June 30, 1905.

SIR: At an informal conference to-day with Count Raben-Levetzau, Minister for Foreign Affairs, mention was casually made of the unratified treaty between Denmark and the United States touching the purchase of the Danish West India Islands.

He had lately seen a news item on the subject published first in New York and copied in some of the European capitals including this * * *. He said he had told the Crown Prince that of course there was no truth in the matter and I assured him that nothing whatever had come to me on the subject. He pointed out the mistake made by Denmark in failing to ratify the treaty and said the ownership was a continual financial burden to Denmark without any corresponding advantage—except the sentimental one of having a port in the south for its war vessels.

From other sources I learn that the opinion of Count Raben-Levetzau is quite general and that the number so thinking is larger than when the subject was imminent. Of course, I have not been here sufficiently long to be informed except superficially.

I have [etc.]

S. J. O'BRIEN

Minister O'Brien to the Acting Secretary of State

No. 6

AMERICAN LEGATION,
Copenhagen, July 3, 1905.

SIR: Referring to my despatch number 5 of the 30th ultimo, I beg to add that I have since procured a copy of the *Politiken* of June 15 ultimo, in which the item referred to was published in this city. The information is probably of no special value, but I have determined to send you herewith a translation, which you will find below.*

I have [etc.]

S. J. O'BRIEN

The Acting Secretary of State to Minister O'Brien

No. 4

DEPARTMENT OF STATE,
Washington, July 15, 1905.

SIR: I have to acknowledge the receipt of your despatches Nos. 5 and 6, of June 30 and July 3 last, respectively, concerning the unratified treaty for the purchase of the Danish West Indies by the United States and a report that the question will come up again at the next session of Congress.

In reply I have to inform you that the statement is not only without foundation, but made in ignorance of the procedure followed in this country in regard to treaties. The Congress, composed of the Senate and House of Representatives, is a purely legislative body having no part in the negotiation of treaties. That is an executive function of the President, by and with the advice of the Senate alone, and in this advisory capacity the Senate's action is executive, not legislative. The Senate has already performed its constitutional duty in the matter of the treaty for the cession of the Danish West Indies,

*Not printed.

by advising and consenting to the ratification thereof on February 17, 1901. That action of the Senate was final so far as that body was concerned, not being open to revision or reversal. The treaty lapsed through its rejection by Denmark, and the extended time fixed for the exchange of ratifications having passed, it is dead.

I am [etc.]

ALVEY A. ADEE

The Acting Secretary of State to Minister O'Brien

No. 5

DEPARTMENT OF STATE,
Washington, July 19, 1905.

SIR: Supplementing my instruction to you, No. 4 of the 15th instant, stating the groundlessness of the report that the unratified treaty for the purchase of the Danish West Indies would be revived at the next Congress, the President directs that you ascertain, in an informal manner, whether or not the Danish Government is now inclined to ratify a treaty for the cession of these islands. In making this informal inquiry you will bear in mind that it is more or less tentative on our part, as the President is not advised whether the Senate would consent to a new treaty.

I am [etc.]

ALVEY A. ADEE

Minister O'Brien to the Secretary of State

No. 15

AMERICAN LEGATION,
Copenhagen, August 11, 1905.

SIR: Referring to your despatch of the 19th ultimo, numbered 5 and marked confidential, I have to advise that I had a further conference with Count Raben-Levetzau, Foreign Minister on the third instant, but have delayed my despatch pending the ascertainment of certain facts which it seems to me in this connection may have an important bearing.

I called Count Raben's attention to our former reference to the subject of the Danish Islands and said in substance that I was not advised as to the temper of my Government in respect to a cession of the islands, but that if the Danish Government now desired to renew the negotiations I would be most willing to make it known to you. He replied that while his own views had not changed, he did not believe the time opportune to bring forward the subject—that it was too soon after the defeat of a treaty concerning the same matter.

He further told me that he had quite recently discussed the subject with the Crown Prince and found him quite opposed to the plan. Upon taking my leave he remarked that while he had not at that time anything further to say to me—that later he might have.

In the course of our talk—*à propos* of nothing in particular—he asked my opinion as to when the Panama Canal would be finished. As the question of the islands had been already referred to, I was impressed with the idea that in his mind the completed canal might affect the value of this possession.

When the late treaty was being considered here the King was unfriendly to a sale, but I am assured that he was loyal to his Ministry and exerted no personal influence to defeat the project. * * *

I am not able to say that at this moment anything further can be done to affect what no doubt would appear to our Government a

worthy purpose, but I may venture to suggest that in case an opportunity presents itself to reopen the subject, a certain degree of promptness upon our part would be wise. There is a phase of the subject, however, which may be considered as disquieting.

In the harbor of St. Thomas lies Water Island—a parcel of land about one mile by two in area. It is said that this island forms no part of the Government possession and was purchased within the past few months from private ownership, by the West India Company. This company was organized here for the West India trade, primarily, to and from the Danish Islands, and now has three steam vessels of five thousand tons each in this service. The company found that the Hamburg American Company already had such a footing at St. Thomas that it was compelled to forego certain activities for business, and I am now assured that quite recently the two companies had become consolidated.

The fact that the West India Company had thus far been doing business at a loss lends colour to the rumor. Each company has owned its separate dock and up to this time it is said, no special use has been made of Water Island above referred to. Whether the island passed by the consolidation I have not yet been able to learn. The Hamburg American Company, I am told, has the favor of the German Emperor and it is said that Mr. Ballin, the President of the corporation, enjoys in an especial degree the Emperor's personal friendship.

I am also informed that on the occasion of the German Emperor's late visit here he sent for and conversed for some time with Mr. Andersen of this city, one of the managers of the West India Company. Possibly the representative of our Government at St. Thomas can furnish from the records or otherwise more exact information. Permit me to observe that if my information above outlined is in the main correct, the vested interests of so powerful a factor as the Hamburg American Company may prove an obstacle to the successful acquisition of these islands by our Government.

I have [etc.]

S. J. O'BRIEN

Minister O'Brien to the Secretary of State

No. 18

AMERICAN LEGATION,
Copenhagen, August 16, 1905,

SIR: Referring to the Danish West India Islands. I beg to inclose a translation of the article published here yesterday morning^s which may or may not contain a basis of truth.

Will you kindly send me in a general way the facts concerning the island referred to in my number 15 with special reference to any interest which our Government would have in owning the parcel in case hereafter it should own the islands proper.

While as I said the land has a private ownership it may be that it is not beyond government reach in case such action should be found for its interest.

I have [etc.]

S. J. O'BRIEN

The Acting Secretary of State to Consul Payne

No. 41

DEPARTMENT OF STATE,
Washington, September 2, 1905.

SIR: Referring to your despatch No. 69, of June 5 last, relative to the reported absorption of the Danish West India Company, which operates a line of steamers between Copenhagen and St. Thomas, by the Hamburg-American Line, I have to say that the Department is in receipt of advices from its representatives in Copenhagen tending to confirm this report as well as the rumor respecting the purchase of Water Island, which it appears was acquired by the Danish West India Company by purchase from private ownership, although it is not stated whether the ownership of this island passed to the Hamburg-American Line with the control of the steamship interests of the Danish West India Company.

It is desired that you make discreet inquiry respecting these reports and furnish the Department with as full information as may be thus obtained, and that you also watch the situation and keep the Department fully advised in respect to future developments.

I am [etc.]

ALVEY A. ADEE

Minister O'Brien to the Secretary of State

No. 31

AMERICAN LEGATION,
Copenhagen, October 19, 1905.

SIR: Referring to my No. 15 of August 11 last, and the subject of of the Danish West India Islands therein referred to.

I have just chanced to find in the *Chicago Tribune* of the 4th instant a discussion of the same subject which is so interesting and important that I beg to enclose the clipping herewith,⁸ although you may already have seen it.

We may fairly assume that the Danish Minister in Washington is familiar with this publication and that perhaps it has already been sent forward to the Minister of Foreign Affairs here.

In view of the outline of truth contained in the article its publication will no doubt be considered unfortunate. Nothing new has occurred in connection with the subject since my former despatch.

I have [etc.]

S. J. O'BRIEN

Minister O'Brien to the Secretary of State

No. 33

AMERICAN LEGATION,
Copenhagen, October 20, 1905.

SIR: Referring to my No. 31 of yesterday. I have heretofore hesitated to betray too much curiosity in respect to Water Island in the St. Thomas harbor.

The publication in the *Chicago Tribune* sent you in my No. 31 of yesterday seemed to make important more detailed information.

⁸ Not printed.

I have just come from an interview with Admiral Richelieu, president of the West India Company, a corporation owning four steamers in the service between here and St. Thomas, and other ports in the West Indies and Gulf of Mexico.

I asked him if there was any community of interest or ownership between the West India Company and the Hamburg American Line. He replied that there was none.

That when the West India Company began its service two or three years ago the Hamburg Line reduced its rates with the intention of driving the West India Company out of business.

Finding that this could not be accomplished the two companies made an arrangement in respect to freight and passenger rates, but that otherwise they are wholly independent of each other.

I then inquired as to the ownership of Water Island and was informed that it was purchased from private hands, and that it is now owned by the West India Company.

He then informed me that in time the intention was to develop this island for storage and perhaps dock purposes, and that it provided a really better harbor than St. Thomas proper. That there was between seven and eight fathoms of water directly up to the island and that it was well protected from storm and sea.

I then inquired whether the business of his company was so successful as to justify the continuance and he replied that while no great amount of money had yet been made, yet he thought it was more than paying its way at this time; that the business was constantly increasing, and that without doubt his company would continue in the service.

As the Hamburg American Company has a large fleet (more than forty ships I believe) already in the West India trade, it would have no use for the ships of the West India Company, and it may be fairly assumed that for the time being the latter company will continue its operations and its present ownership.

Of course there is no assurance as to the future and a purchase of the stock of the West India Company would carry with it I assume, the island in question.

I have [etc.]

S. J. O'BRIEN

Minister O'Brien to the Secretary of State

No. 34

AMERICAN LEGATION,
Copenhagen, October 23, 1905.

SIR: I beg to inclose herewith a translation of an article appearing in the *Hamburger Nachrichten* of the 18th instant. I understand it to be a letter from New York.

I have [etc.]

S. J. O'BRIEN

[Inclosure--Translation]

[From the *Hamburger Nachrichten* of October 18, 1905]

New York, October 7. A great excitement has once more taken possession of the imperialistic circles of the Republic, as though the United States were threatened by a frightful danger. The American Consul C. H. Payne on the Danish West Indian Island St. Thomas has reported to Washington that the Hamburg-

American Line desires to lay out a coaling station near the island. It has bought or rented from the Danish Government its approach to a reef, which has enough room for a pile of coal. In order to attach an exaggerated importance to the affair, it is stated that the island selected for the coaling station is the key to the Danish West Indies, and besides the American Government is disturbed by the fact that the "Hamburg-American Line receives a subsidy from the German Government, that their steamers may be changed into auxiliary cruisers in time of war and that therefore its coaling stations would doubtless be used as a basis from whence to conduct hostile operations." At the same time a demand is made to the Washington Government to protest immediately and prevent this dangerous plan. As a ground for this demand an enormous strategic importance is ascribed to the small island. It "controls" not only the entire Danish West Indian group of islands, but also the passage to the Panama Canal. Only in the German-American and in part of the Democratic press is it pointed out that up to now no one has for a moment considered Water Island as the key to St. Thomas, or even to the Panama Canal, that it is too ridiculous too consider that German warships could seize the coaling station of a private German company without warning. If there should ever be war between Germany and the United States, the latter could then easily take possession of the unfortified and unprotected coaling station, and if they were not capable of this undertaking, then their fleet would soon be entirely destroyed. The German Government has nothing to do with the buying or renting of land by the Hamburg-American Line and it should be remembered that the German Government did not lift a finger when the United States endeavored to purchase the islands from Denmark.

These considerations however, are only expounded by the smallest portion and least influential of the American press. The great mass of the Republican papers have blustered forth in, although harmless, yet none the less pointed excitement, which again proves what small an impression the effort for American friendship has made in the United States. But this event also shows to what dangerous foolishness the new application of the Monroe Doctrine leads. The United States quietly permits Great Britain to flank its Atlantic and Gulf coasts, to lay out everywhere fortified harbors, to hold strong garrisons in the Bermudas and other places, and its men-of-war to secure as many protection places as possible. Nevertheless, the Panama Canal does not appear to them for that reason to be threatened, although the Britons could attack not only from their countless West Indian islands, but also from the Mosquito coasts and from the mouths of the Orinoco. On the contrary the American patriots burst out in incomprehensible anger when Germany, whose war fleet is scarcely a quarter as large as the British, would also like to secure a landing place in the Western Hemisphere.

Chargé Lorillard to the Secretary of State

No. 45

AMERICAN LEGATION,
Copenhagen, November 24, 1905.

SIR: Referring to previous correspondence from this Legation relative to the alleged sale of Water Island, situated at the entrance to the harbor of St. Thomas, Danish West Indies, to a German steamship company, supposed to be acting in the interest of the German Government, I have the honor to inform the Department that this matter has been carefully watched by the foreign representatives here and that I have frequently been questioned on the subject by my colleagues.

The Italian Government especially seems to have taken an extraordinary amount of interest in this affair. Several weeks ago, the Italian Chargé d'Affaires read me part of an instruction from his Government, directing him to report fully on the subject and stating that the Italian Ambassador at Washington had reported that this alleged sale has caused some excitement and annoyance in the United States. The Italian Chargé subsequently had an interview on the same subject with Mr. O'Brien. Several days later he informed

me that the Italian Ambassador at Berlin had been assured by the German Government that the steamship company was in no way acting as its agent in this business and that further the alleged sale had not yet taken place. To show the importance attached to the whole affair by the Italian Government, the Italian Chargé told me that the above information was conveyed to him by means of a cipher telegram.

I have [etc.]

GEORGE L. LORILLARD

Chargé Lorillard to the Secretary of State

No. 50

AMERICAN LEGATION,
Copenhagen, December 1, 1905.

SIR: I have the honor to confirm my cipher telegram of this date, reading as follows:

Ministry of Finance informs me that it will shortly propose to the Rigsdag to increase import tariff in the Danish West Indies probably to six per cent value.

Several days ago I was informed from a reliable source that a change in the tariff of the Danish West Indies was contemplated and immediately proceeded to the Foreign Office, where I saw Mr. Krag, Director of the Ministry. While admitting that he had heard something about a contemplated change, this gentleman could not give me any definite information and I decided to see the Minister of Finance. Yesterday in the absence of the Minister, I had an interview with the Assistant Minister who stated that his Ministry was at present drafting a bill in the premises, that the details of which had not been settled, owing to the peculiar tariff now in force in the West Indies, but that it would probably increase the tariff in each of the islands to six per cent *ad valorem*. He further stated that the bill would be sent to the Rigsdag during the present month and that he expected favorable action before the Christmas recess. Later in the day I presented myself at the weekly reception of the Minister of Foreign Affairs and casually mentioned that I had heard a change in the West Indian tariff was contemplated. He replied that he had heard nothing about it. * * * I did not think it necessary to further question him on the matter.

The gradual economic and industrial decay of the Danish West Indies, in spite of subsidized steamship lines and other bounties, since the failure of the ratification of their sale to the United States, has become alarming. In addition their principal export, sugar, which went almost exclusively to the United States, has been almost entirely ruined by the Cuban reciprocity treaty.¹⁴ The port of St. Thomas has gradually fallen from its position as the principal harbor of the West Indies, while storms and bad management have greatly hindered its rum and other minor industries. In order to lighten the burden of taxation, which under the existing conditions are becoming intolerable, and to pay for some contemplated improvements in public works, the colonial council, sitting recently at St. Thomas, unanimously decided to send a petition to

¹⁴ Commercial Convention between the United States and Cuba of December 11, 1902. For. Rel. 1903, p. 375.

the Minister of Finance here for the increase in the customs tariff. The tariff in force at St. Thomas is, apparently now three per cent *ad valorem*, while at St. Croix it is on another even smaller basis.

There is no doubt that the Rigsdag will approve almost any increase in the West Indian tariff. The Danish people have at least come to realize that something must be done to improve the desperate conditions in their West Indian colonies.

I have [etc.]

GEORGE L. LORILLARD

Chargé Lorillard to the Secretary of State

No. 57

AMERICAN LEGATION,
Copenhagen, December 16, 1905.

SIR: Referring to my despatch No. 50 of the 1st instant, relative to a change in the tariff of the Danish West Indies, I have now the honor to report that in the Folkething yesterday Finance Minister Lassen introduced a bill for an increase in the said tariff. At the same time several other reform bills referring to the West Indies were proposed by the Government, the most important of which aim at the direct representation of the islands in the Danish Rigsdag, the reduction of the powers of the Governor and the practical autonomy of the islands. A bill for improvements in the harbor of St. Thomas was also proposed.

In the course of his speech, Mr. Lassen stated that during the last five years the deficit in the West India budget had amounted to an average of 445,000 Kroner per year. By the aid of the increase in the tariff he hopes that this deficit will be reduced to about 270,000 Kroner, which sum can be provided, he believes, from the receipts of the West India lottery, which during its two years existence has shown a profit to the Government of 122,000 Kroner and 150,000 per year respectively.

All of these bills were laid on the table, but their discussion will be begun next week. These measures were well received by the members of the Folkething and are to-day favorably criticized in most of the newspapers.

As soon as I can secure a copy of the tariff bill, I shall have it translated and sent to the Department.

I have [etc.]

GEORGE L. LORILLARD

Chargé Lorillard to the Secretary of State

No. 60

AMERICAN LEGATION,
Copenhagen, December 19, 1905.

SIR: In continuation of my despatch number 57, of the 16th instant, relative to the proposed change in the tariff of the Danish West Indies, I have now the honor to enclose a copy of the bill presented to the Folkething on the 15th instant, together with an English translation.⁸

⁸Not printed.

As I predicted in my despatch number 50, of the 1st instant, it is proposed to increase the tariff in the Islands of St. Thomas and St. Jan to six per cent *ad valorem*. The specific tariff now in force at St. Croix is not to be changed for the present.

An export duty of five per cent *ad valorem* is to be assessed on all sugars exported from St. Thomas and St. Jan, but this tax will not produce much revenue, as little or no sugar is raised at St. Thomas. St. Croix, on the other hand, is totally dependent on its sugar export and is not to be taxed.

I have [etc.]

GEORGE L. LORILLARD

File No. 6993/-2

Minister O'Brien to the Secretary of State

No. 173

AMERICAN LEGATION,
Copenhagen, May 29, 1907.

SIR: I beg to enclose herewith a copy of my letter to the Minister for Foreign Affairs, dated January 15 last, and a translation of his reply dated the 28th instant. As I am now leaving here, I thought perhaps the Department would be pleased to have copies of this correspondence for future reference.

That I had no late instructions to bring up the subject was quite true, and under the circumstances I preferred to be without them. I had in mind that if nothing came of the matter, the United States Government could not be charged with undue anxiety to make the purchase.

The subject had been referred to between Count Raben-Levetzau and myself on different occasions, and the letter which I wrote him was the result of a mutual understanding. He has since made reference to the delay by saying that the time was not opportune to press the matter in the Ministry, and finally he gave me to understand that public sentiment in the Upper House, he was quite sure, would not be friendly to a sale.

Inasmuch as I was leaving, I asked him to reply so that the subject might be closed.

The Danish people have renewed to some extent, their hope that these islands may be in the near future, at least self-sustaining. Their hopes are based on the idea that cotton raising will be found a profitable enterprise.

I have [etc.]

S. J. O'BRIEN

[Inclosure 1]

Minister O'Brien to the Minister of Foreign Affairs

No. 91

AMERICAN LEGATION,
Copenhagen, January 15, 1907.

EXCELLENCY: Referring to our informal conversation of two days ago, in respect to the Danish West India Islands.

I recalled that three years ago, a large majority of the people of Denmark seemed to favor a sale of the property to my Government, and that while the treaty which was prepared in obedience to that sentiment failed of ratification on the part of your country, the reasons for this failure were perhaps no longer prevailing; that the Congress of the United States was in session, but must

adjourn without day on March 4, next, not to again convene until December 1 following. In case, therefore, it was the desire of our respective Governments to again enter upon a negotiation in respect to a possible sale, the time was ripe to do so.

Denmark has enjoyed the undisturbed ownership of these islands for a great many years, yet the history of that period so far as I can learn, has failed to indicate any special value to the mother country—whether considered from a financial point of view or otherwise. Like possessions, controlled by other nations, have proved a great advantage by furnishing homes and prosperity to certain of their adventurous citizens desiring to live outside the domain of their fatherland. I understand that those of your countrymen who have undertaken to utilize these islands in a similar way have not been encouraged by the results. It is doubtful, therefore, whether the soil, the climate, the markets and other local conditions are suitable for such an enterprise. I suppose it may also be conceded that these possessions are in no sense a protection of your country's commerce; and finally that the chief reason for their further retention must be based upon sentiment alone. Such a reason is highly commendable, and yet when the history of your country's ownership is one of recurring deficits, where the islands are situated in a remote locality, and in a long series of years have proved themselves lacking in industrial and commercial value—it is easy to understand that the people may weary of the ownership, and in a time not far remote, even if not at the present, may wish to realize their value in the form of an asset of greater practical worth.

You are not unmindful of the disturbed conditions in Cuba, resulting in the plain duty on the part of the Government of the United States to interpose a certain control for the protection of life and property in the interest of all concerned. This control is now a subsisting thing, but what the future relations may be cannot now be determined—indeed it is unlikely that the time has yet arrived for adopting a settled policy. Nevertheless you have no doubt witnessed with interest the agitation in both countries touching a continuance of the authority now in force, or possibly something even more far reaching.

Having in mind these possibilities, you will no doubt be led to consider whether my Government in certain contingencies would take any further interest in the ownership of the Danish islands, or look upon them as a desirable possession. It is easy to understand that if the occupation of Cuba should result in permanency and your Government should then decide to sell, it might be difficult to find a purchaser.

The proximity of these islands to the United States, and the nearby market which my country would afford for whatever the islands might produce, are sufficient reasons for considering an ownership to be desirable—reasons which do not exist in the case of your country. It has seemed to me, therefore, not only that a purchase and sale would be to the advantage of both peoples, but that the time is most opportune for carrying the transaction into effect.

In closing, permit me to add that I am wholly without instructions from my Government on this subject, and I am not advised whether a purchase would now even be considered. What I have said therefore, is upon my own initiative. In speaking of the matter I have been tempted by the circumstance that the failure of the late treaty being chargeable to your Government, a certain embarrassment might exist on your part in respect to again bringing forward the subject. I therefore regard it as quite harmless to say that if the Danish Government again desires to undertake negotiations, I shall find genuine pleasure in making your wishes known.

Be pleased [etc.]

S. J. O'BRIEN

[Inclosure 2—Translation]

The Minister of Foreign Affairs to Minister O'Brien

MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, May 28, 1907.

MR. MINISTER: By the note which I had the honor to receive from you dated January 15th last, you have called to my attention the conditions which in your judgment militate in favor of a return to the negotiations for the cession to the United States of the Danish Antilles, in case the Government of the King and yours—as to which you have no instructions—should desire to take that course.

You have been good enough in the meantime to say that you will be glad to send forward for consideration any suggestions which the Danish Government may wish brought to the attention of the Government of the United States.

As you have expressed a desire to have at this time an answer in writing, I have the honor to inform you that the Government of the King under existing circumstances, has no intention to again bring up the question referred to in your note.

I take [etc.]

RABEN-LEVETZAU

File No. 5993/3

Minister O'Brien to the Secretary of State

No. 176

AMERICAN LEGATION,
Copenhagen, May 30, 1907.

SIR: Referring to my No. 173 of yesterday, on the subject of the Danish Islands.

I have to-day had an interview with the Foreign Minister in which I asked him whether the tone of his note was due to a wish to say something before I should leave or to the fact I lacked authority to negotiate.

His reply was that had I not been going, he might not at this moment have written, but that the answer would have been the same even if given later.

He added that so far as the Ministry was concerned, they would no doubt favor a cession, but that the Government was lacking in a majority to obtain legislative sanction—that a treaty to that effect would not be ratified. He further said that the King and Queen, and doubtless all of the royal family, would actively oppose the transaction.

He inquired as to whether Germany was taking any active interest in the matter. I said that I had no knowledge beyond a rumor that the Hamburg-American Line had purchased an island in St. Thomas Harbor. He said he doubted whether this was true, although possibly some arrangement had been made—perhaps a lease; that politically, the islands were of no value to Denmark, and that they were also lacking in value to the United States except to strengthen their holdings in that latitude; and that he had no doubt in case our Government should ask it, some privilege short of ownership, but which would answer our purpose quite as well, might be granted.

Not wishing to commit our Government by as much even as a suggestion, I did not pursue this phase of the subject, and therefore am not clear as to just what he had in mind—perhaps he had no definite plan himself.

He added that, while for the moment, nothing could be accomplished, he thought that the time was not far distant when public sentiment would favor a sale.

Meantime, he wished me to understand that in case of need, the Danish Government would be found friendly to the United States in respect to any suitable use of these possessions.

I have given as great latitude to what was said by the Minister as his language will bear.

I have [etc.]

S. J. O'BRIEN

File No. 6993/4

Minister Egan to the Secretary of State

[Extract]

AMERICAN LEGATION,
Copenhagen, April 17, 1909.

MY DEAR MR. SECRETARY: * * * There is nothing new here. The agricultural party is determined to oppose any great expenditure for defence, as it holds that it would be useless to bankrupt the country in order to keep Copenhagen out of the hands of an enemy for a day or two. From the point of view of exports, Denmark's affairs have improved during the year, but most of the business men here are living on borrowed money,—mostly drawn from Germany. Financial affairs are in a deplorable condition. If things continue this way we may perhaps receive a suggestion that the United States buy the Danish Antilles. The great obstacle to this is the touchiness of some of the conservatives, who think that we are a great and arrogant power, which would even try to force them to sell part of their heritage because Denmark is small and weak. * * *

Another obstacle is that neither party would like to see the money from the islands put into the hands of the opposing influence. We have nothing to lose and everything to gain by being extremely agreeable to Denmark. The great landowners, having much power, look on us with certain suspicion as people who have an eye on their property. Nothing has had a better effect in Europe than our Government's treatment of Cuba and the Philippines, * * *.

I remain [etc.]

MAURICE FRANCIS EGAN

File No. 6993/5

Minister Egan to Assistant Secretary of State Adee

[Extract]

AMERICAN LEGATION,
Copenhagen, July 19, 1909.

* * * I am quite sure that a time will come when it will be expedient, if our Government continues to hold it advisable, to open the question of the Danish Antilles. I am doing my best to pave the way for this. If I should receive leave of absence in September I would take over with me to the United States Captain Cold, late Governor of the Danish Antilles. This will be his first visit to the United States. He is now Superintendent and Director of the Scandinavian-American Line and the principal aide of Admiral de Richelieu, who is, by all odds, the most important man in Denmark at present. If, however, it is not advisable that I should receive leave in September I shall give Captain Cold a letter to the Secretary of State and a little note to you. He has much information upon the subject and, to the proper people, is very frank in his statements.

File No. 6993/6

*Minister Egan to the Secretary of State*AMERICAN LEGATION,
Copenhagen, August 9, 1909.

SIR: I take the liberty of making to you a confidential communication on the present state of Danish politics and finances, principally

as concerning the future of the West India Islands. I do not presume for a moment to forestall in any way the intentions of the United States Government concerning these islands, but as I think the opportunity of acquiring them may some day arise, I feel it my duty, unless I am otherwise directed by you, to pave the way gently as far as possible toward that acquirement. I had hoped to be able to pay a visit to the United States, sailing on September 7th, principally because Director Cold, until recently Governor of the Danish West Indies, is sailing at the same time. As I am quite sure that, owing to the change of secretaries here, the Department will scarcely grant me leave to sail at that time I am most desirous that ex-Governor Cold shall have the opportunity to meet yourself or somebody of importance in the State Department. As this is his first visit to the United States and he is a person of high standing here, I am frankly most desirous that he should not receive the impression that the United States is an arrogant Power, determined because of that power to acquire some of the few remaining possessions of this little country. Therefore I shall take the liberty of giving ex-Governor Cold a letter of introduction to you. I should naturally have preferred to present him personally to the President and yourself and also to have attended the luncheon of the Chamber of Commerce in New York with him; but as this seems out of the question I shall commit him to your amiability.

On Saturday, Admiral de Richelieu called on me to say privately that he had been called on by the King to advise as to the formation of a Ministry and that in case of the combination he had in view failing, he would probably be expected to assume publicly the responsibility for the new Ministry, which would mean that he would be the Premier. He is at present, by all odds, the most important man in Denmark. Although a conservative as to socialism, he is the only man outside the socialists themselves who has any influence with them. His plan was to unite Count Friis, who is an advocate of the land defence, and therefore looked on as having English sympathies, and Christensen, who, opposing the land defence, is looked on as having German sympathies. This of course is the popular view. Neither Friis nor Christensen has any special English or German sympathy. This combination would neutralize Christensen's influence in Jutland where he has a great following among the peasants and where Count Friis has large landed estates. If Count Holstein-Ledreborg could be added to the Ministry, Holstein-Ledreborg having a great reputation here and regarding constitutionalism as meaning the Government of the Kingdom by three influences—the King being mediator between the two houses of Parliament—a very strong Cabinet would be made. So far, Richelieu has not succeeded and it looks to-day as if he should be obliged to accept, against his will, the premiership. Richelieu has done very much to assist Denmark in the financial difficulties of the last year; he tells me that at present the financial condition is deplorable, but he is very optimistic as to the ultimate result. And now I come to the relation of all this with the question of the Danish West Indies. If the present financial difficulties continue, the Danish Government will have to get money somewhere. Iceland is beginning to give trouble and there will no doubt soon be an attack on Danish monopoly in Greenland. De Richelieu is very progressive and I think has no prejudices whatever against the sale of the islands. Now and

then one hears the announcement made that the Government here will make an exchange with Germany, giving the Danish Antilles for the former Danish possessions in Schleswig-Holstein. This, of course, is absurd but it is sometimes uttered by reactionaries in apparent good faith. The country people, the peasants, meaning the farmers, are simply interested in low taxes and good prices for butter, milk, and what cattle is exported. The sale of the islands would not be unpopular in the Lower House. The landed proprietors in the Upper House have certain national prejudices against depriving Denmark of any of its possessions. The loss of Schleswig-Holstein still embitters them. And then, too, they have the greatest desire in the world to grip every piece of land; but the financial condition counts with them as it does with everybody here. Those members of the *haute bourgeoisie* who hotly objected to the sale of the islands are beginning to cool in their enthusiasm. The people who stand foremost against such a sale are, I think, some of the members of the Royal family, but even this opposition would not count in the face of a financial necessity. I do not mean to suggest that any movement should be made on the part of the United States to acquire the islands at present; in this time of crisis it would fall dead; people have other things to think about; but the press is becoming more and more favorable to the United States. The interchange of professors, the celebration at Aarhus and all the amenities recently affected here have raised us in the estimation of the Danes, who are very sensitive, as the people of all small nations are, and their temperament must be considered. If it were not for this crisis it is probable that a tremendous discussion would have arisen in the press on the question of sending a war vessel to the Hudson-Fulton celebration. As it is, only the fear of spending money and the fact that the *Valkyren* would need to be thoroughly overhauled at great expense, prevented the Ministry of two weeks ago, there is no Ministry now, from sending a representative. De Richelieu is, however, very much in favor of sending the *Valkyren*. He is a great admirer of the United States and as I think you know, the principal influence in the councils of the Scandinavian-American Line.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 859.00/37

Minister Egan to the Secretary of State

[Extract]

No. 324

AMERICAN LEGATION,
Copenhagen, July 15, 1910.

SIR: * * * Naturally, it is interesting to know how the present condition of the Treasury may affect the question of the sale of the Danish Antilles. The late Ministry would have been inclined to talk about the subject in rather a Platonic manner, having no majority behind them. The Radicals and the Socialists would be glad to get rid of the islands which still continue to be a source of great expense, but the Conservatives and some of the Moderates still cherish the

hope that an exchange, for part of their beloved Schleswig may still be arranged. I have talked with all classes on the subject. H. M. the King would submit to any plan for the sale of the Danish Antilles that the majority might approve. H. M. the Queen is devoted to the welfare of the colored people in the islands; she, I think, fears for their safety, if they should come under the jurisdiction of the United States. The conservative landowners look on the possible sale of the islands as a national disgrace. "Denmark," they say, "can not afford to part with a single mile of territory; it would be a loss of prestige; but we might exchange." In strictly informal conversation, one points out, in vain, that Denmark has Iceland and the untouched resources of Greenland. The smaller landowners and those of the city people who are of the Moderates would not allow their representatives to vote for the sale of the islands unless the money was to be applied by the party to which they belong. The Conservatives, as I said, are against any sale; the opinion of the majority of the Left-Moderate party, at present in power, would depend on the financial needs of the moment, with allowance for opposition because of national pride.

Three of the Centre groups amalgamated in one Left party, thus securing precisely one-half of the seats in the Folkething—i. e., 57 out of 114. As many of these Left were elected with the help of the votes of the Right, and, on the other hand, some of the 13 members of the Right were elected with the assistance of the Left, there is an alliance between Right and Left; these two parties together in the Folkething command about 70 votes against the 44 votes of the Radical and Socialist groups.

The high esteem in which the United States is now held—there is scarcely a Danish family of the middle classes that has not a representative in our country—would count much in favor of the sale. The reaction against the sale which followed the failure to sell in 1902 has lost its violence; (though, since the rumored conflicts caused by the racial feeling aroused by the Jeffries-Johnson fight at Reno, several distinguished persons have uttered renewed fears that the jealousy of American whites might almost enslave the blacks in St. Thomas, St. John and St. Croix). Major-General C. H. Arendrup, formerly Governor of the Danish West Indies, expressed great horror the other day, at the preparations made by Denmark in 1902 "to sell thousands of human souls." "But they voted," I said. "Ah, my dear Mr. Minister, these poor blacks do not know their own minds from one day to another." Captain Cold, very recently Governor of the islands, is less fervent in his desire to keep the islands. "In case of war," he said, "you would take them, anyhow." He admits that the islands will never pay Denmark, in fact, they must always be a loss, but I think that he, like his chief, Admiral de Richelieu, imagines that an exchange by which Denmark may receive a part of the German territory wrested from Denmark in 1863, may be possible. And yet he is one of the most practical men in Denmark, and both he and de Richelieu have the best feeling towards the United States; they have many times shown this.

The basis of this exchange is always the cession of Greenland. Denmark would cheerfully give up Greenland and even Iceland, which alternately threatens "to go it alone" or to join itself to Norway, for a part of Schleswig.

As soon as I can collect the information, I shall send you a lengthy report on the conditions of the Danish West Indies as seen from Denmark. The time is not yet ripe to raise the question of the cession of the Danish West Indies; yet, as soon as the Panama Canal is completed, it will be raised by somebody in Denmark, though it is apparently forgotten now; any insinuation or suggestion from me, repeated in the press, would immediately raise it, and raise it futilely. I invariably avoid the subject when it is discussed seriously, or assume that the "exchange" so often mentioned is a desire, on the part of the Danes, to secure one of the Philippines. H. M. the Queen of Denmark once sounded me on this subject, and took it as a great joke when I said that my country would be glad to settle all the bills for the expense of the Danish West Indies, if Denmark would undertake the financing of the Philippines. "You think that you have too many islands then," she said, much relieved.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/14

Minister Egan to the Assistant Secretary of State

AMERICAN LEGATION,
Copenhagen, September 20, 1910.

SIR: I am about to send to the Department what seems to me a very important and very audacious suggestion. It is a *résumé* and synthesis of propositions made, not hastily but very seriously, to me by persons of importance here. It would mean, if carried into effect, the acquisition on our part of both Greenland and the Danish West Indies. The West Indies do not, as you will observe, appear in the propositions which I have gathered for you, but they might be made to appear. Greenland is, as you know, a Danish monopoly. It has never been exploited, although the Norwegians are clever enough to see its possibilities, as they already see what might be done with a lesser opportunity in Iceland.

Greenland is looked on by the Danes very much as our people formerly looked on Alaska. The Government here is so much occupied with internal economic and political differences in Denmark that it gives very little attention to the development of the resources of Greenland, which is practically *terra incognita*.

The position of Germany in the Far East will soon, it seems to me, become untenable. I say this, with all due respect to the better information and the result of experience always at hand in the Department. It appears that if the Russian-Japanese-Chinese combination grows, we shall badly need an ally in the Philippine Islands.

The Russians, outside the court and the bureaucracy, insist that their alliance with Japan is only a matter of self-defense. They say that American and English feeling has not been with them and their only safety is to make terms with their late opponent, Japan. The synthesis which I am preparing for you implies nothing less than a cession of Mindanao to Denmark, for which Denmark will give us Greenland and (after certain *pourparlers*) the Danish West Indies.

(Denmark having the right to cede Mindanao to Germany in return for Northern Schleswig.)

You may ask whether I consider this proposition feasible or not. I can only answer, that I have been so much engaged in discovering what is really in men's minds over here that I have become, perhaps, a little too concentrated to take that broad view which is a habit with you, who are constantly facing many great questions and therefore it would be unreasonable for me to make an answer, that would imply a larger experience than I have.

I hold myself responsible for the analysis of the German Far East condition, but I offer the report, which I shall send you on Thursday, as only a synthesis of existing tendencies. I assure you that it represents the desires and the opinion of some of the best minds in Denmark, and some of them most highly placed. I write this, as I have said, in advance, that in the midst of so many important preoccupations, you may single out the coming synthesis of suggestions for particular attention.

I shall ask for a month's leave of absence, with permission to visit America, in March or April, 1911, when, if the synthesis is considered at all by the Secretary of State, I shall be very glad to throw any light in my power upon the conditions that surround it.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure]

If one carefully considers what has taken place in the Far East, since the treaty of Portsmouth was concluded between Russia and Japan in 1907, then one can not avoid seeing that Russia has entirely altered her policy in the East, and her aim seems now to be, in conjunction with Japan, and probably also later on with China, to try to monopolize the political, financial and mercantile affairs of the Far East.

The three agreements which have been concluded between Russia and Japan since the Portsmouth treaty was signed, can not be misunderstood; they abandon the whole of Korea, a country half the size of Japan, to Japan, to be absorbed and digested, at leisure, and by them Manchuria is to all intents and purposes arranged to be the happy hunting ground of both nations until such time when they, without great and aggressive opposition from China, as the owner of Manchuria, and from America and other nations, with vested rights and interest in "the open door policy" in Manchuria, can agree upon a plan of partition of the spoil.

If China has agreed to this partition of Manchuria, as she doubtless in time must, unless support is given her, then her time will have come to be accepted into the triple alliance of the East, viz.: Russia, Japan and China; Tonquin is at present "protected" by France, but it will surely prove impossible for France to keep it, when Japan consents to give China free hands there as compensation for Manchuria. On the whole, there can be no doubt, but that the present position of France in the Far East soon will become impossible, for she has not the surplus population, and her sons have not the colonizing qualities which are absolutely necessary should her stay there be lengthened. The ancient, and, in their way, highly cultivated kingdoms in the East, which France, without any provocation, despoiled and oppressed through greater force and superior armament, will one day rise against her, as Japan already has risen against contempt and abuse, and they will be backed by a continent.

As to England, the ally of Japan, her present position seems most difficult. She has by her support of Japan, during the war with Russia, helped to raise the yellow race from its long lethargy and made it aware of its own power, and she now stands perplexed and amazed at the result she has helped to achieve. The yellow spectre is out of the box, and can not be conjured into it again; it now threatens to turn against its liberators and supporters.

On the other hand the enormous and important trade of England in Korea, in Manchuria and partly in China, is threatened, so that British merchants already are warning their Government against the danger there lies in the action of its allies to the trade and shipping of Great Britain in one of the most important markets of the world.

On the other hand, Japan is the ally of England, and England rules the Empire of India, containing about 250 millions inhabitants, proud, clever and brave people, as yet peacefully governed by England; but the yellow spirit is also in them evidently awakening, and they may become troublesome. Should they one day rise against England, as they have risen before, and should England require assistance to maintain her supremacy, then Japan is by treaty bound to send her excellent army to the assistance of her ally,—an assistance which may become of vital importance to England, both physically and morally; physically through the fighting power of the Japanese soldier, and morally by India's knowing that the yellow race is keeping her in her fetters. Placed in this dilemma, the position of England seems difficult, for she can not give strong support to her trade and shipping in the north-east of Asia, without crossing the plans of her ally, and that would naturally cause ill feeling; whilst the interest of England in India demands that the good feelings of Japan are preserved. It is, however, not difficult to foresee that in the meantime the power of India will prevail. There remains then only one great European Power whose interest in east Asia runs parallel with those of America, and that is Germany. America and Germany are both great and industrial countries with a rapidly increasing population, and for both countries it is of the utmost importance that the immense market of eastern Asia shall not be closed to their manufactures, or in any way be interfered with, and neither of them could for a moment tolerate a policy which eventually would exclude them from the market of Korea and Manchuria, and weaken them in the other markets of east Asia.

America's position in the Far East has been immensely strengthened by the acquisition of the Hawaii Islands and of the Philippines; possessions which are expensive, but which are absolutely necessary for America, in order that she through all time may be able to maintain her position as the "Great Power" on the Pacific, and in order that she may be able to secure for her industries, which become of more and more importance to her as her population increases, their due share of the great market in east Asia.

Germany has, as already mentioned, great interests at stake in east Asia, and these are threatened as those of the United States, but Germany has not, as she is situated now, the same prospect of being able to protect them in the long run as the United States has. The only foothold which Germany has in east Asia, where her ships and people can now seek protection is Kiao Chou in the north-east corner of China. The place is valuable enough under present circumstances but the territory is very small and is rented from China under a yearly lease. The time, however, will come when the "lease" will expire and the China of that time may refuse to renew the lease, and what then? In a very short time China will become a very important military power and to defend Kiao Chou against her, surrounded as it is on all sides by Chinese territory, would require enormous preparations and fortifications and soldiers out of all proportion to the size of the place. And still it is an absolute necessity for Germany to have a place in the Far East where she can safeguard her vital interests in the East, and where her people and ships can rely upon finding shelter and protection in time of trouble; but for these purposes her colonies in New Guinea and her other islands are too distant.

It seems that the interests of America and Germany are the same in eastern Asia, where neither of them wish to encroach on the territory of the natives, but where both of them wish to keep the "open door" and the "fair faced policy" in force. It seems only natural that, if these two countries came to an understanding with regard to the protection of their common interests, back to back, they would represent a force great and powerful enough to secure quiet and peaceful developments of affairs in east Asia.

Some few years ago England gave back to China, of her own accord, and to the great satisfaction of China, the harbor of Waihaiwai, which England had rented from China for use as a naval station, in the same way as Germany holds Kiao Chou.

If Germany were to do the same before her lease expires and give Kiao Chou back to China, it would surely do much to establish confidence and create the most friendly relations between Germany and China and it will save Germany much trouble and immense expense in the future.

But in order for Germany to be able to do this, it would be necessary for her to acquire another place, where she, with advantage and security could establish herself and where she could remain in undisturbed and undisputed possession.

For this purpose the southern group of the Philippines, consisting of the Islands of Mindanao, Palauan and some small islands south of these, would seem to be eminently suitable. These islands are about 35,000 English square miles in area and very fertile and prosperous. They have good harbors and a central position in east Asia, and they would form a most excellent basis for a strong German position in the East, not too far away for mutual support from the great naval station which America is establishing at Manila.

Being islands and large enough to support themselves, the southern group of the Philippines would be easy of defence and of administration, and as they have never belonged to any of the sovereign natives of Asia, neither China nor Japan, nor any other Asiatic Power has any claim on them. If the southern group of the Philippines therefore could be acquired in a friendly way, from the present possessors of them, they could be held in security and safety forever by Germany as her station in the East.

The southern group of the Philippines, as well as the rest of the Philippines, however, are in the possession of the United States of America.

If, however, the United States should be of the opinion that it would be to her own interest and in the interest of the peace of the East and in the Pacific, that Germany should work hand in hand with her in east Asia, the following proposal could, perhaps, be acceptable to both countries and form a basis for an arrangement, whereby the interest of America as well as of Germany would be benefited, and whereby also, all tension, friction and unfriendly feeling between Germany and Denmark, consequent upon the last war, could be brought to a satisfactory and permanent conclusion.

The proposal is:

1. That Denmark should surrender to the United States of America all her enormous possessions in Greenland, estimated to be more than 800,000 English square miles in area.

2. The United States of America should in return give over to Denmark the southern group of the Philippines, consisting of the Islands of Mindanao, Palauan and the small islands south of these.

3. Denmark should then surrender to Germany all her rights to the southern group of the Philippines as she received them from America.

4. Germany should then in return for the southern group of the Philippines, give back to Denmark that part of the province of Schleswig which lies north of a line along the middle of "Slien," along Dannevirke to "Trenen," following that river to where it joins "Eideren" and then following that river to the point where it flows into the North Sea.

That part of the province of Schleswig to be given back to Denmark would comprise about 2,400 English square miles, or only about $\frac{1}{4}$ part of the area of the islands of the southern group of the Philippines to be surrendered to Germany by Denmark.

The possession of Denmark in Greenland to be ceded to the United States would exceed more than 30 times the area of the islands of the southern group of the Philippines, that is to say, that Denmark would in exchange for the above-mentioned part of the province of Schleswig, give territory in Greenland of over 300 times larger an area.

Or, in other words, Denmark would, in exchange for a part of Schleswig, only 2,400 English square miles in area, give to America territory in Greenland as large as about one-fourth of the total area of the United States of America, or a territory as large as the whole of Mexico, or about $2\frac{1}{2}$ times the size of Alaska.

File No. 711.5914/11

Minister Egan to the Secretary of State

No. 367

AMERICAN LEGATION,
Copenhagen, December 6, 1910.

SIR: I have the honor to report that the tendency towards the sale of the Danish West Indies is growing here. The present party, Moderate, seems in for a longer lease of power than any other party

can hope for, or has recently had. The financial condition of the Government is bad; no party dares to tax spirits or beer. Even the total abstainers are against this, consequently, to get money for old age pensions, etc., and for the carrying out of the defence program, will be difficult.

A curious circular has been sent out from an unknown source, urging a confederacy of all the islands near the coast of the United States. It simply indicates, as was suggested in my despatch No. 324, dated July 15, 1910, in regard to the exchange of Greenland, etc., that these islands are much in men's minds here.

A few days ago I had a long conversation with Mr. Moses Melchior, who is financially interested in the Danish West Indies. He is highly respected here; he wants to sell, in order that the Santa Cruz cotton may be developed, and that the tariff may be lowered. I told Mr. Melchior that I should like to have the frank opinion of the Minister of Finance, Mr. Neergaard, on the subject of the sale of the islands. I know Mr. Neergaard very well, but I know also that, if I asked him this question, the matter would probably reach the Minister of Foreign Affairs, who is very careful about etiquette.

Yesterday Mr. Melchior came with the Minister of Finance's answer to my suggested question:

I. To offer to sell the islands now might injure Denmark's chance of getting a loan of about 90,000,000 kroner, which is badly needed.

II. The King is against the sale.

III. If a proposition were made to the United States, a breakdown in the negotiation would ruin the present Government.

I am certain that His Majesty would not oppose the wishes of a majority in the Rigsdag.

Mr. Rudolf Schou, one of the officials of the Government, who was violently against the sale, said that, provided the *amour-propre* of Denmark was saved, by a treaty which might appear to give Denmark some commercial advantages, he thought, most of the traditional Conservatives would be in favor of the sale.

It would be useless to approach the subject at the Foreign Office here until public opinion is more formed.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/11

The Secretary of State to Minister Egan

No. 111

DEPARTMENT OF STATE,
Washington, January 25, 1911.

SIR: The Department has received your No. 367 of the 6th ultimo in which you report that the tendency towards the sale of the Danish West Indies is growing in Copenhagen.

The Department desires that you keep it fully informed with regard to this matter.

I am [etc.]

P. C. KNOX

File No. 711.5914, 13

Minister Egan to the Secretary of State

No. 444

AMERICAN LEGATION,
Copenhagen, July 21, 1911.

SIR: I have the honor to inclose a report on the present condition of the Danish West India Islands, as seen from the point of view of Danish statisticians. To this is prefixed a short historical sketch, containing nothing new, written merely for the convenience of the reader.

As to the present condition of public opinion here: there is a growing party, particularly among the business men, in favor of sale of the islands to the United States. I have been approached by several of them on the subject. In spite of the discovery of the possibilities of the Sea Island cotton, which discovery lessened interest in the possible sale of the islands by increasing the hope of profit from them, practical men of less conservative opinions regard the retention of the islands by Denmark as a useless sacrifice to the idea of national honor. The majority of the voters is indifferent, as nothing but an increase of taxes would arouse this majority, the farmers, to express a desire for the sale. The country is rich, but the Government is poor. Still, the present Government would not raise the question of the sale to replenish the Treasury unless public opinion was very strongly expressed in favor of it. Against the sale would be a large number of important landowners, like Count Danneskjöld-Samse (1) and Count Frijs, Frijsenborg (2) who would not consent even at the last resort to the sale, unless on our part we would offer some salve to the pride of the Danes, who feel that they have already lost too much land.

Greenland and Iceland do not count with the Danes as part of Denmark. The first, which is a monopoly, they regard as practically waste territory, and the second as the home of a very turbulent population, which would secede from Denmark to-morrow, if it could. As I have already indicated to the Department, there is another group, not undistinguished which still clings to the hope that the Danish Antilles may be made the basis of a bargain, Greenland, as a means of barter, failing, for the restoration of Schleswig to Denmark. Among these I may mention, confidentially, Vice-Admiral de Richelieu (3).

The newspapers seldom touch on the subject, and, so far as has been in my power, I have discouraged any mention of it. Some of the Danish business men have suggested that a project of sale may be proposed after the Panama Canal is completed, as the fine harbor of St. Thomas will then become much more valuable both to the United States and to Denmark, consequently the Danish Government might demand a higher price. From my conversation with Count Ahlefeldt-Laurvig (4), Minister of Foreign Affairs, it is plain that no proposition will be made to us by the present Government unless public sentiment is expressed very strongly. Fifteen millions of dollars is the possible price sometimes mentioned to me, coupled with the suggestion that something might be arranged in the contract that would not give the transaction the air of a crude bargain. This suggestion has not emanated from any member of the present Government.

If it were worth while, sentiment might be worked up here in favor of the sale, but the conservative, pro-military press, the organs under court and Government influence, would be violently *contra*. How far the business interests would mitigate the opposition, I am not prepared as yet to say. The main question, in my mind: Is it worth while? And, if worth while, is it opportune?

In the first place: Are the islands worth \$15,000,000? They ought, it is true, not be so expensive to manage, as they might be put under the same government as Porto Rico. And this is a price suggested by the optimists. In the second place: The sentiment in favor of the sale of the islands here is founded on the idea that we are now anxious to acquire them, in view of the prospective opening of the Panama Canal. My attitude is, and has always been since my sojourn in Denmark, that a reasonable proposition might be made to our Government, but that it would have to be very reasonable to be considered at all; that the harbor of St. Thomas would by no means be so very useful to us either as a strategic point or as a coaling station, and that there is no desire on the part of our Government to "corner" the market in islands. If the expenses of maintaining the army, the navy and the defences, coupled with those of the old age pensions, etc., keep up, Danish public opinion, in time, will probably force a proposition for the sale of these islands to the United States.

Yesterday, I had a conversation with Count Holstein-Ledreborg (5), who was Prime Minister in 1909, on this subject. He is one of the cleverest, most independent, liberal and irascible politicians in Denmark. "Your country will have the islands, in time," he said, "but, with the trouble we are having, in the Faroes, in Iceland, and in the general conditions of politics, the time for opening the question is emphatically not now." I consider the words of Count Holstein-Ledreborg, who is out of politics, and, though much of a recluse, particularly friendly to me, as expressing the situation at present.

I append a brief biographical sketch of the gentlemen mentioned in this dispatch.⁸

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure]

THE DANISH WEST INDIA ISLANDS

There are three small islands of the Virgin group of the Antilles in the possession of Denmark, St. Thomas, St. John and Santa Cruz.

Thirty-eight miles distant from Porto Rico, this group of islands lies between the 17th and the 18th degrees north latitude and 64 degrees west longitude. St. Thomas is in the track of all vessels from Europe and the East Indies bound for the north coast of South America.

Erik Smith took possession of St. Thomas on behalf of the Danish Crown on the 30th day of March, 1666, and save for a few years at the beginning of the 19th century it has since been in continuous Danish possession. St. John was taken over in 1684, Santa Cruz, first discovered by Columbus on November 14, 1493, was successively in the hands of the Dutch and the English. Later on these were driven out by the Spaniards who in turn made way for the French. In 1651 the Knights of Malta became owners of the island, by purchase, though

⁸ Not printed.

by 1727 we see it once again in possession of the French, but for a short period only. In 1753 King Christian VI of Denmark bought Santa Cruz for 750,000 French livres.

St. Thomas, which owing to its geographical location and excellent harbor facilities commands a position of extreme importance, is an island thirteen miles long with a width of about four miles, maintaining a population of 12,000. The city of Charlotte Amalie, situated on one of the finest natural harbors in the world, has long been the rendezvous-focus of the commerce of the West Indies. The bay on which the town lies is almost circular, the entrance of which can be so fortified as to exclude all possibility of capture, because the island is surrounded by craggy reefs and there is no other landing place. Though of late years the traffic has fallen off somewhat, yet all of the most important German, French and English mail companies maintain coaling stations there.

St. John, with an area of 42 square miles, has only a trifling population; its main export being bay rum.

Santa Cruz, the most important of the islands, is about 9 miles east and west, by 1 to 5 miles north and south. The northern part of the island is intersected by a range of hills while the southern is low and level. The shores are surrounded by coral reefs, except in the northwest where great water depth is to be found close to the land.

The climate is tropical and subject to little variation, less than three degrees difference between the warmest month, August, and the coldest, February. The trade winds are constant the whole year, except during the hurricane months of the fall.

The population of this island is 9,683 souls, according to the latest available census. Christiansted numbering 5,499, whilst Fredriksted has 3,685, the remainder living in the rural districts.

Sugar is the staple product, and of 51,980 acres available for cultivation, 16,478 are in sugar, a small portion in cotton, and the remainder chiefly pasture land.

The Civil War showed that one of the greatest handicaps to the United States was the lack of a harbor of refuge and a naval base in the West Indies. And, though since that time a foothold has been secured, yet no harbor of any great strategic value is now in the possession of the United States which can be compared with St. Thomas.

In January 1865 Mr. Seward, Secretary of State, recognizing the extreme importance and value of safeguarding the interest of the United States, opened negotiations with General Raasløf, the Danish Chargé in Washington. After several unofficial conferences it became known that Denmark had no desire to sell her colonies. For a time the negotiations were dropped and not until December 1865 was the matter taken up again. For a new Ministry, less opposed to the sale, had come into power in Copenhagen.

Mr. Seward himself visited St. Thomas, and being convinced of the necessity of the purchase, made an offer to take over two of the three islands in behalf of the United States for the sum of five millions, \$5,000,000. General Raasløf did not push the matter actively and things dragged on until January 1867 and nothing as yet had been accomplished. Instructions were given to Mr. Yeamans, at that time American Minister in Copenhagen to push the sale. Not before May though was an answer obtained declining the offer of the United States and making a new proposal of 15 millions for the three islands, or 10 millions for St. Thomas and St. John, adding that the transfer must be sanctioned by a vote of the population of the islands. The United States answered this by an offer of \$7,500,000 in gold, but objecting to the vote of the islanders. Mr. Seward's second offer was refused, but a new proposition of \$11,250,000 for three or \$7,500,000 for two islands and the vote of the people was proposed.

When the second offer of the United States was rejected the American Minister in Copenhagen, who was conducting the negotiations, was instructed that negotiations were to be dropped. Yet in July a cable was sent by the State Department to accept St. Thomas and St. John but opposing the vote. In October of the same year the Secretary of State cabled as follows: "Close, conceding the vote." On October 24, 1867, the treaty was finally signed by the Danish Minister and the American, on behalf of the United States. The vote of the islanders still remained; an earthquake at this time delayed matters until January 1868, when a vote favoring the annexation was passed. Then the Danish Rigsdag ratified the treaty and King affixed his signature.

In America a political struggle was going on between President Johnson and the Senate, the time limit for ratification passed and was extended without any further action being taken. The treaty was finally rejected after an unfavorable report by the United States Senate Committee on Foreign Affairs.

In 1892, the Honorable John W. Foster, then Secretary of State, reopened negotiations for the acquisition of the islands, which met with favor in the eyes of the Danish Government. Matters were taking a favorable turn, and at last the long pending question seemed near settlement. But President Harrison's administration was drawing to a close, and the negotiations were suspended.

In 1902 an investigation was conducted by a committee of the House of Representatives of the United States to examine into the truth of the allegations and charges of one Walter Christmas in his secret confidential report to the Danish Government as to the methods pursued by himself and assistants, and contracts entered into by him for the purpose of bribing or attempting to bribe members of the United States Congress to vote or to assist in procuring the proposal, adoption or ratification of a treaty for the sale of the Danish West Indies.

The investigation conducted by examination of persons charged with being connected with the alleged bribery by Captain Christmas, it was found that none of the charges could be substantiated and the report was consequently discredited. A complete record of the proceedings was published by the committee under the title of: House of Representatives, Report No. 2749, [57th Congress, 1st Session] Purchase of Danish Islands.

IMPORTANT FACTS ABOUT THE DANISH WEST INDIES

The area and its uses.—The estimated area of the Danish West Indies is 3,589 square kilometres (138 sq. miles) of which St. Thomas and the adjacent small islands occupy 86.17 sq. km., St. John with surrounding smaller islands 54.40 sq. km., Santa Cruz, Buck Island, Green Cay and Protestant Cay 218.33 sq. km.

As to the use made of the land the below table shows the following division:

Districts	Total area	For sugar plantations	For other culture	Waste land of no use
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
St. Thomas	16, 082. 25	4. 00	2, 364. 65	13, 714. 23
St. John	13, 211. 25	7. 50	622. 75	12, 581. 00
Santa Cruz	51, 426. 82	15, 067. 91	31, 614. 66	4, 744. 25
Total area for the Danish West Indies	80, 720. 65	15, 079. 41	34, 601. 76	31, 601. 48

The above table indicates that the sugar culture practically is confined to the island of Santa Cruz. The area under the heading "For other culture" comprises principally the areas used as pastures, but also those used for cotton and sisal plantations, and for fruit and vegetable culture. Under this heading, as regards St. Thomas and St. John, only the area actually used is included, while under the heading "Waste land" is included uncultivated, bush or forest covered land, regardless of its suitability for cultivation. As to Santa Cruz, the heading "For other culture" means all land suitable for cultivation, not taxed as land suitable for sugar cane. "Waste land" as to this island, means barren land unsuitable for tillage.

In 1909 about 3,000 acres were used for cotton plantations, the main portion of which were located on Santa Cruz. Sisal plantations occupy about 100 acres, partly on St. Thomas and partly on Santa Cruz. The area used for fruit and vegetable culture is but a small one, and no figures can be given as to its extent, but it is hardly more than 150 to 200 acres. On St. Thomas there are defined areas used as gardens and orchards. On Santa Cruz vegetables are also raised, principally sweet potatoes, yams and onions, generally on the "banks" between the sugar canes, before these grow up, or on the fallow land, which is counted in with the area used for sugar plantations. Small areas, used for the cultivation of cocoanut-palms, are found on all of the islands, likewise small cacao plantations, on the northern side of Santa Cruz, but so far they have given insignificant returns. Further there are small plantations of oranges, lemons, bananas, pine-apples and coffee, and in St. John, baytrees. There have been times when Santa Cruz cotton, owing to its particular intrinsic value, has sold in the Liverpool market for three times the price of New Orleans cotton. Sisal culture has the advantage over that of cotton, as the former can do without rain. The returns of fruit raising have so far been of consequence to the local market only, with the exception of the baytree culture, which supply the raw material for bay rum manufacture, carried on chiefly in St. Thomas and St. John.

The forest and brush land produces but very little wood of general utility, though some of it is used for fence posts. In St. John only hardwood and bay-trees are found in quantities worthy of mention. In some places are found such fruit trees as mango, guavaberry or guava, etc., which partly subsist from culture in times gone by. From the bush land fuel is gathered, generally in the shape of small branches; charcoal is also produced in a primitive way.

Population.—The population of the islands is very much mixed. Some have come voluntarily, others have been brought as slaves, from Africa. Slavery was abolished July 4, 1848.

Three races of mankind meet here, representatives of many nations, and several different languages are spoken in the islands. Many social changes have taken place before we behold the product of to-day, the present population.

The present population according to the latest census taken, that of 1901, was 30,527, against about 38,000 in 1860. Classified according to race, there are: the white, the black and the mixture of both. According to a report issued by the Statistical Bureau of Denmark, there are about 600 whites, or 3%, in the island of Santa Cruz. In St. Thomas the percentage of whites is a trifle larger, while in St. John there is but one white family. The proportion of black to the mixed cannot be ascertained, but on good authority it is stated, that the mixed constitute about 25% of the entire population. Of the white population 427 were born in Denmark.

Steamship connections with Europe.—Steamers run every fortnight from Southampton, via Barbados, once a month from Havre or Bordeaux; four to five times from Hamburg, but most of these steamers are common freighters; freight steamers also ply between Liverpool and the Danish West Indies. But the best and cheapest connection between the mother country and the islands, for passenger traffic at least, is the new Danish West India line of steamers, which, touching at English ports, make the run in eleven or twelve days, thereby distancing all other lines as to time. The passenger rate from Copenhagen to St. Thomas is: first class \$96.00. Daily expenses of the traveler in the islands may be estimated at from \$2.50 to \$5.00 per day, with extra for cab hire, etc.

Topography and Climate.—While St. Thomas and St. John, with adjacent smaller islands, undoubtedly belong to the Virgin Islands, it is doubted by some whether Santa Cruz belongs to that group. It should thus be noted that while the straits between the Virgin Islands are somewhat shallow, frequently not more than 20 fathoms, Santa Cruz is divided from the other islands by a sea more than 12,000 ft. in depth. There is a great difference, too, in other ways.

St. Thomas and St. John are very mountainous; the highest mountain in St. Thomas soars more than 1,500 ft. above sea level, and that of St. John nearly 1,300 ft. Santa Cruz is rather mountainous, too, but there the more level land is rather extensive. The highest point in this island is Mt. Eagle, about 1,150 ft. in height.

While the islands can not be said to be volcanic, they are, nevertheless, not free from earthquakes, which, generally, however, are of such a mild character that they cause little damage.

The islands being located between 17° and 19° north latitude, the climate is consequently wholly tropical, the heat being tempered by the refreshing north-east trade-wind, which during the larger part of the year brings the islands relief and coolness. The mean temperature of the year is 26.5 degrees C., evenly divided through the year. The coldest months are December, January and February. The difference between the hottest month, September, with a mean temperature of 25.6 degrees C., is thus only a little more than 3 degrees over that of the coldest months. The same evenness as to temperature applies also to that of day and night, which hardly ever varies more than 5 degrees.

The islands have no definite rainy season, as absolute drought may sometimes prevail for an uncertain, lengthy time. According to observations, taken during a long series of years, the first months of the years are the driest, with February as the climax. October is generally the month of heaviest rainfall. Dry periods are not infrequent, and during these the sugar plantations sustain much injury.

The Sugar Plantations.—About one-third of the area of Santa Cruz, about 15,000 acres, is used for sugar cane cultivation. Of the other two-thirds a small part is used for pastures, while a larger portion is not made use of at all. The sugar cane land runs from the city of Christiansted to the city of Frederiksted, extending through a broad belt, bordered by the sea to the south and by the sea and the Northwest Mountains to the north. Several varieties of sugar cane are cultivated. As by-products of the sugar industry may be mentioned syrup (malas) and rum. Some years ago a central sugar boiling plant was established in Santa Cruz. This factory has become an important factor in keeping sugar

culture in many places where it would otherwise have become extinct. The institution has thus created a class of small planters, negroes and mulattos, who cultivate a small piece of land and sell their sugar canes to the central factory. Formerly sugar cultivation could not be carried on without also owning a refinery.

In former years the sugar cane would grow well year after year, but the soil is now, after many years of reckless use, so poor, that it at intervals of a few years, has to be left fallow and carefully manured. This manner of overstraining the land was brought about by the high price of sugar, once prevalent; now the competition of beet sugar has rendered cane sugar culture far less profitable than in those days. It should not be understood that cane sugar cultivation in the Danish West Indies is unprofitable, on the contrary, it has in several instances been demonstrated, that by proper and rational methods of cultivation, especially the use of suitable artificial fertilizers, (chiefly salt of potassium), and by a more up-to-date treatment of the soil, by which the working expenses are considerably reduced, very good returns may be obtained; this being the case with some of the west coast plantations. Men who know, advise that cane sugar culture ought to be encouraged in the islands, but the methods of cultivation should be improved according to modern principles. The cultivation of other products, such as cotton, tobacco and cocoanuts could also, according to the opinion of some authorities, be carried on with profitable results in the islands. Sandy land, otherwise of small, if any value, might be used for the culture of cocoanuts. In years gone by tobacco-raising was one of the most important pursuits.

The negroes around the city of St. Thomas raise fruit and vegetables, which are nearly all sold in the town market.

Labor and Wages.—The emancipation of the negroes, July 4, 1848, was a hard blow to the plantation owners. From that time on they had to pay the labor they formerly commanded for nothing. The mere support of the negroes had cost them but a trifle, and the indemnification paid them by the Government was but a poor offset for the loss of the ownership of the slaves. Since that year the importance of Santa Cruz has declined, and as the increased beet sugar production in Europe caused a fall in prices of sugar, the profit from sugar culture was so small that many of the planters gave it up and used their land as pastures for cattle. The much needed rest that was thus given the soil improved it and rendered it capable of better yield, whether used as cane sugar plantations or for other culture.

The larger number of the negroes may be said to find their employment on the sugar plantations. When a negro is being employed by a planter a bargain is generally closed for several years, two negroes and one white man act as witnesses. The negro being employed receives at once a sum of money from his employer, and is given quarters in the negro village that belongs to each plantation. Married negroes are allowed 3 rooms, unmarried 1. They are permitted to keep pigs and poultry, and they are given the use of a small piece of land where they may raise fruit and vegetables. On the plantations they have opportunity to purchase cornmeal, dried codfish, etc.

The wages, per day, range, in general, for a negro from 20 to 30 cents, the laborer to furnish his own board. Boys and men of poorer qualifications for work receive less. They all have free medical attendance.

The hours are, in general, from 6 a. m. to 1 p. m. and 3 to 5 p. m. At six o'clock each negro receives a small quantity of rum. During the harvesting season, however, the work begins at 4 and lasts until 10 p. m. Saturday they are free from work on the plantation and may use the day for cultivating their small gardens. In many cases, however, the negro does not make good use of his free day, instead spending the wages for the past week, which he receives early Saturday morning, for liquors, etc.

The Trade.—The islands import annually goods worth about \$1,500,000, of which the United States furnish more than one-half, the United Kingdom about one-fourth; while the imports from the mother country amount to only about \$140,000. The exports are valued at about \$750,000, of which more than 80 per cent go to the United States. Principal items of import are: Breadstuffs and provisions, manufactures of iron and steel, boots and shoes, from the United States, electrical goods, cotton goods, machinery, iron and steel, soap, spirits and woollens, from the United Kingdom. The principal items of exports from the Danish West Indies are: Sugar (nearly 50 per cent of the total export), bay rum, beeswax, hides, skins and cotton.

While many vessels call at St. Thomas and purchase supplies, there is still a large amount of work to be done before the city will be able to regain its position as one of the great commercial centers of the archipelago that it once held, and

which to a large extent has been transferred to the city of Barbados. In this respect great expectations are linked to the opening of the Panama Canal, for the reason that St. Thomas both has a better harbor, which is undergoing great improvements, than Barbados or any other place in the neighborhood, and also possesses a salubrious and pleasant climate, and should thus make a most suitable coaling and general supply station for vessels.

Roads.—Very good country roads are found in the cultivated parts of Santa Cruz. Also in St. Thomas, in the eastern and in the western parts, there are passable roads, but much less extensive than those in Santa Cruz. St. John has hardly any roads worthy of the name, the only exception being some stretches of cart roads, the rest are bridle paths.

The Islands and the Mother Country.—Besides the official administration, the colonial home office, and the Governor and his subordinate officers, there is a society, The Society of the Danish Islands of the Atlantic, and a commercial company, The Danish West Indies Plantation Company, that take special interest in the development of the islands.

The Society of the Danish Islands of the Atlantic.—This society, social-economic in character, was organized in 1902. It was the question of the sale of the Danish West Indies to the United States that was the prime cause of the formation of the society, a measure (the sale of the islands), which the new-formed society worked against to the full extent of its power.

The program of the society, as set forth in its public organ *Atlanten*, is: To further the development of the Danish colonies, especially in an economic sense, and to strengthen the national spirit among the different inhabitants of the Kingdom.

These aims the society tries to attain, chiefly, by the following means:

1. To gather information of economic value to the colonies.
2. To spread information in regard to the colonies, as to their economic and other conditions, among the inhabitants of the Kingdom, and thereby arouse their interest for the aims of the society.
3. To give free of charge voluntary guidance to anybody, who applies to the society for information in regard to the colonies, or such information as will be of benefit to the population of the colonies.
4. To work for the accomplishment of improvements in existing conditions by influencing public opinion, eventually by approaching the Government and the Congress.

The society had about 1,000 members in 1904. This number has since increased.

The membership fee is Kr. 5.00 per annum, or Kr. 200.00 for a life membership.

There is a special division for each of the following colonies: Iceland, the Faroe Islands, Greenland and the Danish West Indies.

At present the society is bringing all the influence it commands to bear on the completion of the harbor improvements at St. Thomas, before the Panama Canal is finished.

The society has no commercial interests and does not offer any pecuniary assistance to people who want to emigrate to the colonies.

The Danish West Indies Plantation Company, Ltd.—This company (entirely commercial) was organized in 1902 with a stock capital of \$352,400, for the purpose of furthering agriculture in the Danish West Indies, where it owns plantations.

Of white labor the company only employs unmarried men, whose chief occupation has been farm work. They agree to stay for a period of about two years, at least, on the plantations.

In case they decide to leave the plantation after a short stay only, they have to refund the company for the passage money paid for them, (about \$100). For those who remain on the plantation during the time agreed upon, the company furnishes free passage to the place where they are to work.

So far the company has sent sixteen men over. They act as foremen, or inspectors on the plantations, also as caretakers of the company's domestic animals. The actual work in the fields is done by negroes exclusively. The company has no land for sale, and advises nobody to go there who is not previously employed by owners of plantations, or else have capital enough to buy a plantation for themselves.

This company owns 4,431 acres of land in the islands of which 100 acres are used for sugar plantations, 713 acres for cotton culture. They employ some 415 persons of which 219 are men and 196 women. They keep some 100 horses and colts, 63 mules, 156 draught-oxen, 148 cows, 171 calves and about 100 head of

sheep. The total number of animals kept by the company is 852. The valuation of the company's holdings of land, factories, stock animals, buildings, etc. as given in one of their latest annual reports, was about \$200,000, and the profit from their property during the year was about \$5,900. In the same report it is, however, indicated that previous years have brought the company loss instead of profit.

Santa Cruz Sugar Factory.—The last annual report for this plant shows better results. During the year there were delivered to the factory 56,750,000 pounds of sugar cane, against 38,000,000 pounds the previous year, and the sugar has been $\frac{1}{3}\%$ higher. The expenses have also been lowered. For sugar cane was paid 44.88 øre (\$0.12) per Cwt. (1 Cwt. equals 110.22 lbs.), against 36.5 øre (\$0.109) the previous year. The production price was thus 0.5 øre (\$0.00134) less per pound of sugar and the sale price 2.5 øre (\$0.0069) higher. The total surplus was Kr. 270,000 (\$72,494.00). After the stipulated reserve and gratuities were deducted, Kr. 16,818 (\$4,485.00) were placed on the account for new buildings, and a 9% dividend was paid. Kr. 50,000 (\$13,333.00) were placed on the account of extra pay to the suppliers of the cane, and Kr. 8,300 (\$2,215.00) carried forward to new account.

When, above the statutory 6%, there is given a 3% extra dividend, it is partly due to the fact that the shareholders, during the two foregoing poor years, received no dividend, and partly to the fact that the surplus was so large that Kr. 50,000 (\$13,333) could be placed on account for the suppliers.

The Constabulary Corps.—This corps of armed police numbers 4 officers, 9 petty officers and 110 enlisted men, with 33 horses. The enlisted men, at the time of enlistment, must be less than 30 years of age, must have had previous military training and be unmarried. Such enlisted men must bind themselves to serve three years in the Danish West Indies, at the end of which they may reenlist if they so desire.

The pay is about \$0.64 per day, and free station and uniform. They may be advanced to subcorporals and corporals and as such receive an additional pay of \$19.30 and \$38.60 respectively per annum. Upon honorable discharge from the corps they are allowed, if they have served continually for 3 years, \$57.90 for each full 3 years of satisfactory service.

After three years of service, a man is paid \$386.00 a year; if married, he is permitted to live outside the barracks, and given a special allowance for quarters.

File No. 711.5914/15

Minister Egan to the Secretary of State

No. 448

AMERICAN LEGATION,
Copenhagen, August 23, 1911.

SIR: Referring to my despatch No. 444, of July 21, 1911, I have the honor to enclose newspaper clippings containing an article which appeared in *Social-Demokraten*, a Copenhagen newspaper, on August 6, 1911, on the subject of the sale of the Danish West India Islands. I also send translation of the article.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure—Translation]

THE DANISH WEST INDIA ISLANDS

[From *Social-Demokraten*, Copenhagen, August 6, 1911]

Hamburg no longer cares whether St. Thomas is a Danish possession—Will America buy the islands?

Some time ago we wrote that a Hamburg paper, the *Hamburger Fremdenblatt*, had been much interested in the question of our West India Islands, particularly St. Thomas. This paper declared that Denmark was not capable of making the harbor of St. Thomas of sufficient importance, particularly in connection with

the near completion of the Panama Canal, and made the statement that the island would be taken over by the United States.

That a Hamburg paper, so closely connected with all shipping interests, should write in that tone, created quite a sensation. It is a well known fact that the Hamburg ship owners, particularly the Hamburg-American Line, during 1902, were keenly interested in the fact that Denmark should keep the West India Islands. Furthermore, there is no doubt that it was the influence of the Hamburg-American Line, brought to bear on our East Asiatic Company that put itself at the head of a patriotic movement against the sale of the islands. It was also this company's former committee member, Deuntzer, who, acting as Minister of Foreign Affairs, put a stop to the sale. Finally, there can be no doubt that the director of the Hamburg-American Line, Max Ballin, during those troubled and anxious days, and owing to his friendship with the Emperor William, started the friendly relations between the German and the Danish courts, relations which caused a great sensation, due to being so unexpected and of such excessive warmth.

In 1902 it was of vital importance to German shipping interests in the West Indies that Denmark should keep St. Thomas. At that time the German trade had a widely spread field of action in the West Indies and in South America, but there was a feeling of unsafety due to not possessing a harbor of its own, belonging to a Power whose trade would not compete with its own. St. Thomas was just the basis needed by the German ships, particularly the Hamburg-American Line. It was for this reason that this line exercised itself to the utmost to the end that St. Thomas should remain a Danish possession. It was in reality the influence of the German ship owners that prohibited the sale, a result which the patriots of Denmark naively imagined they had accomplished.

It is no wonder, therefore, when the Hamburg paper this year (1911) spoke so slightly of Denmark's supremacy in these islands, that one should think that something had happened during the past nine years to change the attitude of Germany, or that possibly the Germans had their eyes on something better. This surmise has already been confirmed by the report of the journalist Johs. Hoeck, sent to the Danish paper *Vort Land*, in which he describes the plans the Hamburg interests are making for a harbor in the vicinity of the Panama Canal, in Colombia, South America, the frontier of which reaches to the Republic of Panama, formerly a part of Colombia. Mr. Hoeck's information is neither explicit nor comprehensive, though one is informed that he has seen extensive work going on in the harbor at the mouth of the river Atrato, which empties into the Atlantic Ocean; and that railway lines are springing up in hitherto unknown regions. He also states that concessions from the Colombian Government to begin these works have been obtained by Hamburg parties; that they have paid cash for the concessions; that the harbor is to be called Port Cesar; and that the greatest care is taken to conceal all these plans from the rest of the world. From all this one can easily understand why the Hamburg paper writes with so much superiority and so openly regarding Denmark, stating that now there is no obstacle to the sale of St. Thomas to the United States of America.

Without doubt, the Germans have other projects for harbors in the West India seas, among these, plans for a basis on one of the West India Islands. Our readers may remember that about a fortnight ago there was talk of a revolution in Haiti, the large West India island which is an independent negro republic. The President has been driven away by the rebels. Since then the rebels have divided into two parties, one having as candidate for the presidency General Firmin, the other General Leconte. Everything points to the fact that American interests are with Firmin, German interests with Leconte. The latter was once Haiti's Ambassador to Germany, and Germany has already shown her lively interest in the revolution by sending a man-of-war to Haiti. This has roused the wrath of the Americans and we are not surprised that they should disclose to us the fact that Leconte is a mere puppet in the hands of German capitalist. If one takes part in a revolution it is always with the noblest motives, but when it is a question of one's opponent, one is never slow to disclose the real motive behind it all.

The following telegram is from Washington: "According to the latest information received here, the revolution now going on in Haiti is considered of much greater importance than any former rebellion in the black republic. Between General Leconte, who has proclaimed himself president (the German candidate does it himself, of course, while the American candidate is proposed by an enormous popular movement.—Editor's note.) and a syndicate of German bankers, there is said to be an agreement by which the syndicate has pledged itself to pay one million kroner into a bank at Port au Prince for General Leconte's disposal. When Leconte enters upon his Government this sum will be looked

upon as Haiti's Government debt. If he is chosen president, Leconte has pledged himself to grant the syndicate the following monopolies: 1st—the working of the Haiti mines; 2d—a monopoly of the coaling stations, partly at St. Nicolas and partly at another point of the island; 3d—denial of trade privileges to all states whose trade compete with Germany."

It is very likely that the Americans exaggerated a good deal in their report of the Germans' cunning plans and that they wish to excite a feeling against them. But certain it is, these disclosures point in the right direction. Harbors and metal, particularly iron, are just what the Germans always look for in foreign countries; and even before this information came to hand, an attentive observer might have said to himself: "Something is brewing here. An Ambassador from Germany at the head of a revolution. A German warship on the coast of a foreign republic, in seas where it is of the greatest interest for Germans to have a point of vantage! All this makes us suspect secret treaties are being held by bank directors, ship owners and diplomats."

Naturally we are interested in all this through the ultimate fate of our West India Islands. We do not know if any effort has been made by the Hamburg interests to make the harbor of St. Thomas more modern while still belonging to Denmark. As far as known by us, there are concessions of an older date concerning the harbor which would clash with any new alterations. Of course, this might be arranged in a monetary way. The question is this, whether, since 1902, the Hamburg interests have looked upon Denmark's possession as temporary, or whether they have felt certain all along that the United States would eventually buy them. Perhaps on this account the German interests have taken no steps towards modernizing the harbor and have been constantly on the lookout for other ways of handling their commerce.

The question of the sale of the islands will naturally come to the front again, but unfortunately it will not be brought forward until we are overwhelmed by the burden of our new enormous taxes. First we shall have to pay the enormous military expenses, then the sale of the islands will bring us fresh money, for new fortifications. We are quite sure that the next time an offer is made to buy these islands no "patriotic" movement will be made,—the naïves will, perhaps, appear on the scene again, but the bank directors will not. The words of Shakespeare: "The Moor has done his duty, the Moor may leave", will then fit the case of our "black brethren" most nicely.

File No. 711.5914/16

Minister Egan to the Secretary of State

No. 464

AMERICAN LEGATION,
Copenhagen, November 2, 1911.

SIR: Referring to my despatch No. 448, of August 23, 1911, I have the honor to enclose herewith an article published in *Social-Demokraten* on November 1, 1911, continuing a discussion of the same question; namely, the efforts of Germany to obtain a foothold in America and also the possibility of a canal to be built by Germany in competition with the Panama Canal. Furthermore, the effect on the value of the Danish West Indies is discussed at length.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure—Translation]

The Germans in the West India Islands, Central and South America—A Canal in competition to the Panama Canal?—The Hamburg people and St. Thomas

[From *Social Demokraten* for November 1, 1911]

We have already at an earlier date called the attention of our readers to the momentous occurrences which are surreptitiously taking place in the West India Islands, South and Central America. The Germans, especially the Hamburg shipowners and merchants, are carrying on a persistent and, as far as we can see, determinate struggle with a view of getting such a strong foothold over there

that the United States will not be able to oust them when the Panama Canal is opened.

This German contest is also of great interest to us, since St. Thomas has hitherto been the center for the Hamburg steamship lines in that part of the world. In the show window of the Hamburg-American Line on the street Unter den Linden, in Berlin, there is a large map of the world on which are indicated the different lines belonging to the company, and it is interesting to see St. Thomas, on this map, look like a spider, owing to the large number of Hamburg lines diverging in all directions from this little island of ours. We have also pointed out in this paper at an earlier date how it really was the Hamburg interests which in 1902 prevented the sale of our three islands. For the Hamburg-American Line it was a question of life or death for their great steamship lines running to Central and South America that Denmark should keep the islands, and especially St. Thomas.

We now have occasion to return to this subject, since the interest of the Hamburg people in our retaining the islands seems to have cooled off. At short intervals the *Hamburger Fremdenblatt* several times reiterated that St. Thomas would be sure to go to the United States, since Denmark was not able to make the harbor improvements which the situation of the island requires. We are at a loss to know what motive the Hamburg paper had in repeatedly bringing up the state of things on St. Thomas, but perhaps it has some connection with the rumors which have been circulated and which have even created considerable sensation on the stock exchange, namely, that foreign capitalists have applied to our Government for concessions on the island. It would be a very good thing if the Rigsdag could be informed of what really lies under all this, and to know if our Government, or the patriots who at one time offered to put up millions for this cause, really have any definite plan with respect to the future of these islands.

It looks as if the Hamburg people had given up St. Thomas. Not that they have given up their steamship traffic on the island, they have only directed their attentions in a different direction. The successful revolution last summer on the large West India island Haiti brought the ex-ambassador of Haiti at Berlin into power in one of the negro republics of the island, and it was said that the financial support given him by German capitalists was to be paid by a monopoly on the harbors of the island. At the same time, a Danish journalist, Mr. Johs. Hoeck, said that he had seen the beginning of an enormous harbor construction on the north coast of the South American Republic of Colombia, not far from the Panama Canal, a harbor construction which, as far as possible, is being kept secret. And now, the other day, we received new information in regard to the plans of the Germans. The news came from New York, where the movements of the Germans are very closely watched. According to this information the Germans have plans to build a canal in competition to the Panama Canal.

Close to Panama lies the Republic of Costa Rica, and a little higher up on the map the Republic of Nicaragua. As a boundary between these two States, the St. Juan River runs from the great Lake Nicaragua out to the Atlantic Ocean, and this river is navigable all the way up to the lake. To the west there is a strip of land to be cut through, but it is much narrower than the Isthmus of Panama. Ever since the sixteenth century the plan of cutting through this strip of land has been, from time to time, advanced in Europe, and ever since the latter part of the 19th century companies have been formed for doing this work. In the decade 1890-1900 much was done in this respect, but the canal did not become a reality. The Germans have planned to go up the navigable St. Juan River and across the great Nicaragua Lake and then up a river coming from the southwest, namely the Sapoa River, thus making the land-cut still shorter. The American paper was able to give the names of the principal men in the German consortium. It even asserts that the German Government is backing the enterprise, and it states that the United States Government has already made representations to the two Republics concerned and given them to understand that the granting of such a concession would be considered an unfriendly act towards the United States. Of course the statements of an American newspaper on such a subject cannot be accepted without reservations, but the New York correspondent of the *Berliner Tageblatt* has made investigations. He got a disavowal, as far as regarded an official action, but it was admitted that the plan of building the canal really existed.

Thus within a year we have seen the persistent struggles of the German capitalists exposed in three different places, Haiti, Colombia, Costa Rica, and it all speaks of Germany's economical conquest of the lands east and west of the Panama Canal.

But will all this still continue to proceed in secret? The Government of the United States distrustfully follows the movements of the Germans, and is it reasonable to suppose that this great Power will stand still and see a European Power, in spite of the Monroe Doctrine, actually annex American ground?

And what will be the consequences for St. Thomas? Will the United States purchase or take it in order to make it an American port? Deplorably enough, it is not probable that the United States any longer has use for it, for it has already built a great harbor on Cuba as a basis for its steamship traffic through the Panama Canal. When the time once comes when the Hamburg people get their new harbor constructions ready on Haiti and in Colombia and therefore no longer have any use for St. Thomas, America will perhaps not even buy the islands, and what will we then do with them? St. Thomas has its splendid natural presuppositions, but they are not sufficient in this capitalistic age, which requires enormous improvements of the natural resources.

And even if both natural and artificial presuppositions existed, there must be ships to make use of them.

In 1902 there were two States looking for a harbor in the West Indies, America and Germany. Germany won the victory, and Denmark retained the islands, only for the benefit of German navigation, but now when both Germans and Americans have good harbors elsewhere, who is going to make use of St. Thomas?

File No. 711.5914/17

Minister Egan to the Secretary of State

[Extract]

No. 476

AMERICAN LEGATION,
Copenhagen, November 14, 1911.

SIR: I have the honor to state that, in a conversation with Count Ahlefeldt-Laurvig, Minister for Foreign Affairs, using Mr. Nielsen's recent lecture on Panama and Danish West India Islands as a text, I asked him whether the Danish Government expected the condition of the islands to improve after the opening of the Panama Canal. He said yes, that the Government was doing its best to increase the depth of the harbor, and that the industrial outlook was better; but this in rather a vague way. He did not seem to know anything about the sea cotton industry, but laid great stress on the production of bay rum. He said that he had once been in favor of selling the islands to the United States for the reason that they were of no profit to Denmark, and in case of war it was difficult to defend colonies so far distant. His view had changed of late, however, as conditions in the islands were improving. I said that my Government was, at present, occupied with more important questions. Personally, I added, I very much desired to see these islands so near our coast the property of the United States, and if there was any intention on the part of his Government to offer them for sale, I should do all in my power to urge our Government to accept any reasonable offer, but that their value strategically and economically was not so great now as it was before we acquired Puerto Rico and a naval station in Cuba. I said I understood that Danish national pride was the main thing that stood in the way of parting with these islands, and naturally we Americans, who were sometimes sentimental ourselves, sympathized with this. I said I was surprised that there still existed Danes who imagined that the West India Islands could be traded to Germany for Schleswig.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/18

Minister Egan to the Secretary of State

No. 478

AMERICAN LEGATION,
Copenhagen, November 15, 1911.

SIR: Referring to my despatches No. 444, No. 462, No. 464 and No. 476, I have the honor to enclose herewith clippings, with translations, from Danish papers which are discussing the sale of the West Indies and the agricultural and financial conditions of these islands.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure 1—Translation]

THE WEST INDIA ISLANDS

[From *København*, a Conservative organ, for November 11, 1911]*The fruitful work for the improvement of the islands*

That which we wish to call attention to by means of these articles is the fact that, in certain radical and social-democratic circles, there has of late been carried on and is still being carried on an agitation with the view of again bringing the question of the sale of the West Indian Islands into the order of the day, and that attempts are being made in these circles to create a feeling favorable to the sale of the islands, partly by undermining public confidence in the administration of the islands, and partly by belittling the value of the work which has already been done for the improvement of the islands and the future possibilities for the islands which will be opened up by the completing of the Panama Canal.

It is a pleasure for us to be able to say that we have, during the last few days, received manifold proofs of the interest felt by the public in our West Indian Islands and of the sorrow and resentment which has been aroused by the news that an agitation is again going on in certain circles for the sale of these islands.

But we can fortunately add that the agitation, no matter how cunningly it has been arranged, has not gained and will not gain a foothold outside of radical and social-democratic circles. All other parties, as well as the Government, have decided to meet the agitation, if it really sees the light of day, with the firmest opposition.

The telegrams which have appeared in the foreign press, stating that negotiations have been opened between the United States and the Danish Government in regard to the sale of one or more of the West India Islands are quite untrue.

In the attempts to undermine confidence in the administration of the islands, great zeal has been displayed in representing the Plantation Association's work on the islands as unsatisfactory, not to say unsuccessful. Nothing can be more remote from the truth. The truth is the exact opposite. Not only has the Danish Plantation Association accomplished more than was expected when it was started, but it has awakened an initiative on the islands. Others have seen that the work of the Plantation Association was not in vain and have therefore themselves taken hold and done what they could.

It is a fact that large tracts of land which were formerly covered with bushes and which, mark well, did not belong to the Plantation Association, are now under the plough. In many places where formerly there was nothing to be seen but a wilderness of bushes and mouldering ruins, there are now vast fields of good cotton, and many new houses have been built and old ruins, long left without roofs, are rebuilt and inhabited.

This is just the picture of the progress on the islands.

The Plantation Association has also done a great and energetic work in making experiments of different kinds, and it is not least the results of these experiments that have benefited lands owned by others than the Plantation Association.

It would not be easy in a daily newspaper to enter into the details of these experiments, but so much we can say: they have been so extensive and exhaustive that they have given the best guarantee that the Plantation Association will attain the goal it has in view. Thus no one has any right to use the Plantation Association as a scapegoat in an agitation for the sale of the islands.

The work of the Plantation Association has in itself shown that the improvement of the islands in the possession of Denmark is an indisputable fact.

[Inclosure 2—Translation]

THE WEST INDIA ISLANDS

[An editorial leader in *København*, a Conservative organ, for November 12, 1911]

The Excavation of the Panama Canal and the future of the Islands

The question has been asked us: What is the use of an agitation for the sale of the islands just now? It can not be on account of the condition of the islands. The work that was begun to promote the interests of the islands when their sale was refused has borne fruit, and far from the future of the islands being darker, it contains the richest possibilities. This is true to such an extent that, aside from all other considerations, it would be disastrous to sell the islands now. It is difficult to say how much advantage the islands will derive from the excavation of the Panama Canal, but there is no doubt that it will be of great benefit to them.

Therefore we are at liberty to assume that the agitation for the sale of the islands is based exclusively on personal interests. If this is the case, there is no wonder that a certain party insists that it is now high time to make the last attempt to sell them.

For every year that passes, it will be more and more difficult to break faith with the Danish Plantation Association, and in the same moment that the Panama Canal is opened, the discussion in regard to its significance or insignificance will be broken off by facts which will speak a language that will banish all doubts on this subject.

How advantageous it is for the friends of the sale to recommence their agitation just now, and how easy to understand that it has taken the form described by us in this series of articles.

But for those who neither can agree with Mr. Nansen in his view of the history and the goal of the Nation, nor will allow themselves to be led by the secret motives, which keep the radical and socialistic sale-agitation alive, there is all possible reason to affirm that we, neither from national principles, economical considerations, nor with respect to the opportune work begun on the islands, which has opened a new field for Danish enterprise and work, can or will agree to the sale of the islands.

But we should not be satisfied with this; on the contrary, we should utilize the fact that the sale-agitators have again put the islands in the order of the day, and raise the question: What can be done to enable the islands to reap the greatest benefits from the possibilities offered by the opening of the Panama Canal?

What febrile, secret activity there is to make the sale of the islands popular, may perhaps be seen best by considering the part played by the Panama Canal in this agitation. It meant death to every thought of sale, and therefore it must be hidden as well as possible.

Nay, they nearly went so far as to defend the view that the Panama Canal would just ruin the islands. More ridiculous talk could hardly be invented, and hardly a single soul could be caught by it, but a discussion of this question would be in place if it can only lead to a negotiation as to what can be done to give the islands the greatest possible advantages from the Canal.

It is obvious that the task is now of quite a different character than when it was a question of cultivating the islands. Then it was natural and opportune that private initiative took hold; here it is specially the State that is to show the way and do the work.

As everybody knows, it was the harbor of St. Thomas, its situation on the steamship route and its excellent presuppositions, which the Americans were after, when they undertook the building of the Panama Canal. It is on the harbor of St. Thomas that the work must be done, if the islands are to enjoy the advantages which are naturally theirs.

But if nothing is done to modernize the harbor of St. Thomas, while there is time, the good presuppositions may be wasted. It is then asked what the Government intends to do, in order that we may be ready in time to pluck the fruits when this great world's enterprise gives its harvest.

[Inclosure 3—Translation]

THE DANISH WEST INDIES

[An article in *Politiken*, a Liberal organ, for November 14, 1911]

The series of articles which the renowned author, L. C. Nielsen, has been writing for this paper in regard to the Panama Canal have aroused a lively interest in the Danish West Indies, and in the provincial press considerable attention has lately been devoted to the condition of these islands. Nothing new has, however, been said on this subject. The impression is given that the authors of these articles have a very superficial knowledge of the Danish West Indies and a very exaggerated idea of the work of the Plantation Association. The truth is, however, that this Association, notwithstanding energetic leadership and ample means, has not accomplished much, simply because there was not much to do. Of the three islands, St. Croix is the only one that is arable, and unfortunately this island can only grow sugar cane, and on the one side, cane sugar is excluded from America by means of the American custom duties, and on the other side, it finds no market in Europe on account of the low prices of beet sugar.

The men who have unselfishly worked in the Plantation Association must certainly have found out that the islands can not be kept up simply by cultivation of sugar cane, no matter how rational this cultivation may be. What we will harvest on the St. Croix plantations in the future will also be nothing but disappointment and loss, more economic loss.

The papers which now again, without visible cause, raise the question of selling the islands, even if only to agitate against it, will not benefit the Plantation Association.

It will be just as astonishing in the West Indies as it is here to read in *København* the following:

"It is a pleasure for us to be able to say that we have, during the last few days, received manifold proofs of the interest felt by the public in our West Indian Islands and of the sorrow and resentment which has been aroused by the news that an agitation is again going on in certain circles for the sale of these islands.

"But we can fortunately add that the agitation, no matter how cunningly it has been arranged, has not gained and will not gain any foothold outside of radical and social democratic circles. All other parties, as well as the Government, have decided to meet the agitation, if it really sees the light of day, with the firmest opposition."

We do not know what circles are now agitating for the sale of the islands, but as it is not probable that it is the Government, there can not be any imminent danger of the sale taking place. We hope that this will lessen the "sorrow and resentment"; but since this paper *København* is in such a state of tremor, it is hardly worth while to explain to it that the same economical considerations which in 1905 urged every sensible Danish citizen to sell the islands, now, since the Panama Canal has created new conditions and possibilities, must urge every sensible Danish citizen to keep them. This simply depends on the common commercial principle that when an article suddenly begins to rise in price it should be kept.

We submit this simple reasoning to the consideration of our excited colleague. It will be easier for that paper to understand than the agricultural conditions of the West India Islands.

File No. 711.5914/23

Minister Egan to the Secretary of State

No. 694

AMERICAN LEGATION,
Copenhagen, May 27, 1913.

SIR: By way of supplement to the report made on the Danish West Indies, I beg leave to enclose a copy of a translation of an article written by a former Governor of the Danish Antilles, Mr. F. P. Hiort-Lorenzen.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure—Translation]

THE ECONOMICAL CRISIS IN DANISH WEST INDIES

[Lecture held in the "Nationaløkonomisk Forening" January 17, 1907, by Chief of Department F. P. Hiort-Lorenzen]

The subject on which I shall have the honor to speak at this meeting is the Economical Crisis in the Danish West Indies. I will begin by saying that my remarks will chiefly be devoted to the impressions I have received and the statements I have heard made during my stay in the West Indies and since then. People are frequently liable to pass hasty judgments on matters in regard to which they know very little, several naïve West Indians have been guilty of this, and I will therefore try to be as objective as possible in my statements.

It is generally known that there has been and to a certain degree still is an economical crisis in our West Indian colonies, but very little is known as to the causes thereof and the means for a possible remedy. I therefore feel sure that a few orientating remarks on this subject will be interesting to my audience.

During the continuous decadence taking place in all three of the Danish West Indian Islands, especially during the last 30 or 40 years of the last century, it is natural that the blame has been laid on the administration and government of the mother country, and this quite unjustly. It is true that Denmark, in accordance with the general colonial politics of the Powers until somewhat past the middle of the last century, used its West Indian Islands as a kind of "milk-cow" and took from them large sums to benefit the Danish Treasury. At that time, however, the islands could afford it, and in later years, the tables have been turned. The government of the islands has, on the whole, certainly been as good as could be expected, in consideration of the great distance of the islands from the home country, the poor communications hitherto existing between them and the home country, and the slight knowledge possessed here in regard to tropical conditions. Neither should the fact be ignored that it is very difficult to carry on colonial politics on such a small scale. The duties of administration have been divided between the War, Justice, Finance and Educational Departments, besides which the commercial and agricultural interests had to be looked after.

Since conditions on the different islands are quite varied, I will first treat of St. Thomas, and then of St. Croix and St. John.

The flourishing period of St. Thomas is identical with the period of sailing vessels. Ships coming from Europe sought the trade winds and were guided by them towards the northern Antilles, where they first sighted Sombrero, whose lighthouse showed them the way, and then they entered the broad, clear and deep channel which, between St. John and St. Thomas on the one side and St. Croix on the other, leads to the Caribbean Sea. It was quite natural that the vessels, after the long voyage across the Atlantic, touched at the large and safe harbor of St. Thomas to replenish their supplies of food and water, and this caused the merchants there to keep a great stock of goods. In its prosperous days, St. Thomas was a market to which merchants from great distances found their way. Not only from the adjacent islands, such as Porto Rico and St. Domingo, but from many of the South American Republics, from the east coast Cuba, and from Central America, merchants made several annual voyages to St. Thomas to make purchases. The St. Thomas merchants carried on wholesale business with comparatively great capitals. To this day, the enormous stock-rooms attached to the old stores in St. Thomas show how great commerce has been here. This commerce which thus began as a transit trade, gradually grew into a despatch or forwarding business, in which the merchants of the island acted as commissioners, the goods being ordered on the account of the foreign merchants and only despatched via St. Thomas. The profits of such trade were less, but were, nevertheless, very considerable. But gradually, as traffic with sailing vessels was substituted by steamship traffic, so that there was at last direct steamship communication between Europe and every harbor in the West Indies and vicinity, the commerce gradually disappeared. Many of the large firms moved to other places, f. i. to Barbados and Trinidad, and the remaining merchants do not give one much of an idea of the former commercial importance of the island. The commerce of to-day is principally confined to supplying passing men-of-war and other steamers with coal and provisions and a small trade with the nearest British island, Tortola. Even after commerce had begun to wane, sailing vessel traffic was for some time the source of prosperity on the island. Previous to the introduction of the telegraph, sailing vessels from Europe flocked to St. Thomas to get their freight orders there. At that time there were

frequently hundreds of ships lying in the harbor, and of course this brought good profits to the islanders; but when the telegraph came, even this traffic disappeared at once. The ship-owners in Europe could now give their ships direct telegraphic orders in other harbors, so it was unnecessary to stop at St. Thomas.

Thus while the development of steamship traffic and the introduction of the telegraph may be mentioned as the principal reasons for this economical misery on St. Thomas, there were also other causes which contributed thereto. The island has no return freight, so that freight rates to the island are rather high. Customs frontiers between it and the other islands make transit trade difficult. On several occasions hurricanes and earthquakes have visited the island, each time causing millions of dollars' worth of damage. Furthermore, the fact that the money earned on St. Thomas has quickly left the island, for those who earned a fortune there left the island to spend their money in Europe or America. Thus the island had no reserve fund to resort to in hard times. Finally, the once flourishing agriculture of St. Thomas is now almost ruined. For instance, the production of sugar has entirely ceased, as a result of the fall in prices.

Now if we look at the possibilities for the development of St. Thomas, I will here ignore the efforts made by the Government to improve the financial conditions of the island and the colonial lottery, which latter must be regarded as an emergency relief. On the other hand, I will call attention to the efforts made by private individuals and companies to support the island, and in this connection I would specially mention the steamship line owned by the East Asia Company, and the West India Fruit Company, which is already carrying on quite a considerable export of fruit, etc. The East Asia Company has established a coal depot on the island, thus causing great progress. Formerly coal prices on St. Thomas were so high that competitors on St. Lucia had taken away much of the coal trade from St. Thomas by quoting cheaper prices, but now the East Asia Company has put the prices down, thus causing a considerable advancement of this branch of business. While coal formerly cost eight to nine dollars, and during the Spanish-American War twelve dollars per ton, the price is now only 22s. 6d. for American and 27s. for English coal.

If we look at the accessible statistics in regard to incoming and outgoing navigation on St. Thomas, and in regard to imports to St. Thomas, there does not appear any marked increase during the last few years, at least not sufficient for us to conclude with any certainty that there has been any improvement of the economical situation. It may be noted, however, that not only the income from custom duties and harbor fees but also the number of incoming and outgoing vessels in 1905-06 show an increase of late years.

It may, however, be taken for granted that the present fiscal year will show a more favorable result. Thus the East Asia Company states that in 1906 coal was sold to 50 more steamers than in 1905. In order to illustrate what this means to St. Thomas, let me state that the wages paid to laborers for loading the coal on these 50 steamers amounted to about 41,000 francs, which sum the laborers earned in addition to their earnings for the preceding year. As a proof of the energy with which the East Asia Company is working to improve the traffic on St. Thomas, I might mention that the company in 1907 has already made contracts with 300 steamship owners for supplying coal to vessels coming to West Indian waters. The company is now selling about 2,000 tons of coal per month, but it hopes soon to increase these sales to 5,000 tons per month. It is unnecessary to point out what an enormous significance this will have for the laboring class and thereby for the merchants and the whole population in general, but it is obvious that it is an inestimable benefit for St. Thomas that the far-seeing directors of the East Asia Company are interested in the progress of the island.

The question, however, which will be finally decisive for the future of St. Thomas is this, viz.: "What effect will the opening of the Panama Canal have on St. Thomas, and what steps should be taken in order to be prepared to meet the coming eventualities?"

In Denmark it is now claimed that the excellent situation of St. Thomas for the direct route between Europe and the eastern port of the Panama Canal, Colon, as the first port passed by the vessels on entering the Caribbean Sea from the Atlantic, and, on the other hand, as the last port passed before leaving the Caribbean Sea *en route* for Europe, will certainly give the island an extraordinary significance as staple town and station for supply of coal, water and provisions. It is also claimed that if suitable dry docks and repair wharves are instituted at St. Thomas, many sea-damaged vessels will seek refuge in this harbor for repairs.

The business men of St. Thomas believe that we here have too sanguine a view of the effects of the Panama Canal. They think that, no matter whether

it is a question of navigation across the Atlantic or along the coast of America, there will be a tendency to make repairs and take in supplies at the termini of the voyage, if possible, where this can be done cheaper than at St. Thomas; that the competition with Colon and several other ports will be very sharp, and, especially with respect to coaling, that for the passage of the canal there will be used such large steamers that they can take on board sufficient coal for the whole voyage, or that they will otherwise coal in Colon or Panama.

For an independent view of this question, it will now first be of interest to investigate what influence the Panama Canal will have on international traffic, and furthermore what proportion of the vessels passing through the Panama Canal will visit St. Thomas. In the German journal *Nauticus* the commercial significance of the Panama Canal has been treated in a special article, the author of which, an expert on such matters, points out that the Panama Canal will hardly be used by sailing vessels, partly because the tolls will be too dear for them and partly on account of other disadvantages, f. i. the frequent calms in the vicinity of the canal. Furthermore, he shows that the Suez Canal offers a shorter route to East Asia from Europe than the Panama Canal; that this is also the case, though in a less degree, with respect to the routes to Australia and its adjacent islands; and thus the Panama Canal will have its greatest significance as a route from the east coast to the west coast of America and from Europe to the west coast of America and to the Pacific Islands.

With respect to the traffic from the east coast of America, it will go through the Florida Channel, the Yucatan Channel and southwest of the Antilles, and thus not touch St. Thomas. The size of the traffic from Europe will, of course, depend upon the tolls for the canal. In America it is supposed that the tolls will be one dollar per netto register ton. In the Suez Canal the tolls are 8½ francs per ton for laden vessels and 7 fr. for unladen. Under all circumstances, however, it is obvious that the opening of the canal will bring about a great increase in the traffic past or in the vicinity of St. Thomas. European trade on western America is already very great, but it will doubtless grow enormously as soon as the distance to western America has been shortened by the canal. For us the German trade will have a special significance, since Germany does not own any of the Antilles.

With respect to St. Thomas, it is obvious that its natural presuppositions for attracting part of the passing traffic are excellent. It lies close to the open ocean, is a safe and healthy harbor, and it lies five days from Colon, thus not so very near. The first and foremost question is if it is possible to still more develop the coal trade. If so, St. Thomas doubtless has great chances. In England coal costs 10-11 sh. per ton. In the ports of the Mediterranean and of Eastern Africa, steamers find English coal the price of which is the price in England with addition of freight, profit, etc. Therefore, when it is not a question of a very dear cargo, or if the vessel has not full cargo, it will pay to take plenty of coal from England. On the other hand, when steamers cross the Atlantic, they meet the America coal, which, owing to low freights, can be sold at cheap rates. The freight on coal from Philadelphia to St. Thomas is only one dollar and sixty cents, and the East Asia Company supplies coal, as already stated, at 22 sh. 6d. per ton, which is lower than the prices in Funchal and Ponta Delgada. Since steamers can earn 20, 30 or 40 shillings per cargo-ton from Europe to St. Thomas, it will pay the ship-owners to build their ships intended for the route through the Panama Canal with smaller bunkers and to refill them at St. Thomas, thus giving more space for cargo. There is no doubt but that St. Thomas can supply coal just as cheap if not cheaper than any other port in the West Indies or Central America, and as to Colon and Panama it is probable that wages there will be higher than on St. Thomas. The main thing is, however, that the coal trade on St. Thomas is in the hands of a universal firm like the East Asia Company. It can be satisfied with smaller profits in the beginning, in hopes of increase of traffic. It can make advantageous contracts with coal firms and shipowners, because, among other things, it can offer the English houses in return the sale of coal in Colombo and Aden to its vessels on the East Asia route. Thus, thanks to the good conducting of the East Asia Company, we have the best hopes of St. Thomas becoming a very much visited coal station after the opening of the Panama Canal. This will also imply the furnishing of water and provisions. Therefore it will be a good plan to build large water cisterns, and refrigerating houses for keeping easily spoiled commodities, and to systematize the production of eggs, greens, etc.

With respect to a shipbuilding wharf on St. Thomas, this is an expensive and rather risky undertaking; but there is no doubt that there ought to be made some effort in this direction, and, as far as I can see, the only proper thing will

be to procure a double floating dock, like the one we now have here in Copenhagen. Such a dock is the cheapest to procure and to work, and it can be sold again if it does not pay. Such a dock can probably be got in England, together with all appertaining machinery, for about three or four million Kroner, but to this price must be added the cost of towing it to St. Thomas, deepening of the harbor, and, perhaps, the building of one or two breakwaters. Thus the total cost will probably be about five or six million Kroner. The dock should not be placed in the harbor proper, where an English company has the monopoly on floating-docks for a series of years, and where there is not water enough, but in Gregory Channel just south of the harbor, where the water is six fathoms deep, and where the dock can be placed in the lee of Water Island, which is owned by a Copenhagen company. It would doubtless be wise to get German capital interested in such a dock, which would induce German ship-owners to make use of the dock. It is obvious that such a dock would not get a chance to build new vessels or to overhaul vessels annually, but there is no doubt but that many vessels which have suffered from casualties at sea will be glad to use the dock after the opening of the canal. It will also be advisable to station a salvage steamer in the harbor of St. Thomas. The main thing is, however, that such service is cheap and prompt. It would perhaps be wise to postpone the establishing of the floating dock until nearer the time for the opening of the canal, in order not to lose the interest on the capital invested.

Furthermore, agriculture on St. Thomas, and especially fruit-growing, will be able to give a much greater profit than at the present as soon as export has become better systematized. This is also the case with tourist visits, but it will be necessary to improve the hotel accommodations and to get better guides, with donkeys and horses. Horseback rides on St. Thomas and St. John are very enjoyable, and even now many American yachts and English and German tourist steamers come to the island but I am sure that these visits could be greatly increased by proper advertising. (According to the newspapers, there were 10,000 Americans on Jamaica during the earthquake.)

With reference to St. Croix and St. John, the retarded economical progress on these islands is firstly due to the increased costs of administration since the "Emancipation," and later on it has been due to the constant fall in the prices of cane sugar, owing to the competition of beet sugar. In a pamphlet published by a planter as early as 1862, it says that since the "Emancipation" nearly all the plantations on St. Croix have been compelled to sell out, some of them two or three times. The following table illustrates the fall of the prices of sugar during the last 50 years:

Highest quotations for sugar in Copenhagen

	Øre		Øre
1855, duty paid.....	21½	1880, duty paid.....	34
1857, duty paid.....	27	1890, duty unpaid.....	15½
1860, duty paid.....	18	1900, duty unpaid.....	15
1870, duty paid.....	17½	1902, duty unpaid.....	10¼

Thus we see that the prices are now only one quarter of what they used to be, which has also caused the value of the sugar plantations to fall. The following table shows some of the prices at which sugar plantations on St. Croix have been sold during the past 100 years.

The prices in the table are in dollars.

St. George:	Price	Lower Love:	Price
1820.....	\$128, 000	1807.....	\$200, 000
1873.....	85, 900	1870.....	45, 000
1897.....	27, 000	1882.....	25, 000
Enfield Green:		1886.....	15, 000
1815.....	85, 000	Bethlehem:	
1868.....	70, 000	1798.....	245, 000
1882.....	41, 500	1870.....	70, 000
1899.....	10, 000	1903.....	45, 000
La Reine:		Barren Spot:	
1825.....	150, 000	1804.....	180, 000
1845.....	40, 000	1859.....	90, 000
1887.....	10, 000	1880.....	30, 000

This fall in prices has, of course, entirely upset all fortunes and values on the island, and a large part of the island has been left uncultivated, while numerous ruins speak of former prosperity. The result has been general poverty, to which high taxes and customs duties largely contribute. Even of necessities of life, such as flour and lard, the customs duties have been about 36% of the value. In addition to this comes the high customs duties on sugar in America, where it is mostly sold. This duty, about $5\frac{1}{2}$ Øre per lb., falls on the producers, since their competitors in the southern states and Porto Rico are free from duty. Under such circumstances it is evident that the costs of public building, army and a large staff of Government officials is a great burden on the island.

In answer to the question: What has been done to remedy all this misery on St. Croix and St. John, we must in the first place mention the Plantation Association Dansk Vestindien, which owns plantations on all three islands and can already show considerable results from its work. Large areas have been again cultivated and new cultivations have been made to a large extent.

Special attention should be paid to the growing of cotton, which seems to be developing very fast. Thus in 1906 there was harvested over 377,000 pounds of raw cotton, which was sold at a price of about 120,000 Kroner. This is the so-called "Sea Island Cotton", which costs about five times as much as ordinary cotton, and which can only grow in certain places. It is used for sewing-cotton for sewing machines. The result of this is that, while the accounts of the Plantation Company for 1904 and 1905 showed a considerable deficiency, it is hoped that in 1906 they will about balance, which is an excellent result, considering that the work of the company is so highly experimental. The harvest for 1907 is expected to be about twice as much as that for 1906. Furthermore, the company expects to get an increase in its profits by means of the sale of cattle, since there is no longer any export of cattle from Porto Rico to St. Thomas, and therefore the prices of cattle have increased somewhat on the latter island. As navigation on St. Thomas gradually increases, considerable sums can be earned by exporting cattle from St. Croix and St. John to this island. Besides the Plantation Company, the owners of several other plantations have also begun the cultivation of cotton. Furthermore, the sugar factory and Messrs. Hagemann & Lachmann have made great efforts to improve sugar production.

Director Hagemann has also made interesting experiments in regard to irrigation by means of wells and windmills, besides which he has begun to give the negroes small lots to cultivate.

Thus we see that agriculture on St. Croix is decidedly progressing. There is, however, much complaint about insufficiency of laborers. The cause of this is the great mortality among children, the distaste of the negroes for farm labor, and the increasing tendency to emigrate. On St. Croix there are annually born about 660 children, but more than half of them die in infancy, owing to lack of proper food and care. At the initiative of her Majesty the Queen considerable is done to improve the care of infants, but, owing to the great number of children, this is not sufficient to remedy the evil. The daily wage of a farm negro is 20 cts., which is not much for a supporter of a family, but nevertheless, it is quite common that the negroes will not work more than a few days in the week. This is generally attributed to laziness, but it is also possible that it is partly due to the lack of proper nourishment. The food of the negroes is generally corn porridge with a little salt fish, but frequently the negro does not get any other nourishment than that obtained from sucking the sugar-cane, and at the best, the nourishment he obtains is quite insufficient to keep a full-grown man who does hard labor.

With respect to emigration, it should be noted that the negroes keep in close communication with their friends in America and on the other islands, and know very well where there is well-paid work to be had, and thither they go as soon as possible. Sometimes there are fifty emigrants from the island every week, and emigration is systematized, so that the 30 dollars required by the immigration authorities in New York for every immigrant is regularly sent back for the use of the next emigrant. Furthermore, it is the best negroes that emigrate to America, where they get good positions as servants, and the like. In order to substitute the laborers who emigrate, it has hitherto been customary to import laborers from Barbados, but this can no longer be done, owing to the great demand for laborers on the Panama Canal.

Here we touch upon the tenderest point for St. Croix and St. John—the miserable condition of the negroes. If we talk with one of the more intelligent of the colored men in regard to this, we always get the same answer: "What is the use of our staying here? There is no work for us here, no future and no hope

for development. What are we to do here?—Make boots for people who go barefooted; be joiners among people who use no furniture? What is the merchant to do when no one can afford to buy his wares, and most people have no use for them, owing to the primitive life they lead?" The negress cooks her food in a preserve tin and does her washing in a petroleum can. The thing is that the negro ought to have ground. He is the only one who can till it, and therefore he ought to have a chance to make it his property. To deprive the negroes of land is the same as to take the sledges away from the Greenlanders and the motorboats away from the fishermen of the North Sea. The possession of land is, to the inhabitants of St. Croix and St. John, the only possibility of success and prosperity.

Many doubt that it is possible for negroes to make good independent farmers. Most people think that negroes are an inferior race without possibilities of development. This is, without doubt, a mistake. I believe that Henry George is right when he says in *Progress and Property* that the lack of capacity to receive higher civilization evinced by inferior races is due to their surroundings, the influence of the community to which the individual is exposed; the web of countless threads with which it binds and affects the individual. It is generally stated that negro children, until they are ten or twelve years old, are just as willing to learn as white children, but that after that time they appear indolent and indifferent. This is generally ascribed to inferiority of race. I believe, rather, that it is because the children become dull and lose all desire to compete with others as soon as they get old enough to understand their position in society and to see that they are looked upon as a paria caste, and that they can never have any hopes of making any use of the knowledge they acquire. It is obvious that a child who has a good home and educated parents, and hears refined language and interesting conversation has a great advantage over the child who only hears vulgar language and negro dialect in his home. Furthermore, it is clear that the lack of nourishment from which nearly all negro children suffer will have a very bad effect on them, especially in their growing age and will prevent them from doing any good mental work.

My experience proves to me that, in certain respects, the negro has very good mental capacities. The reliability and carefulness of the negro as a servant is well known, also their faithfulness and solicitude for people they like. The chief fault of the negro has been that he has tried to come into possession of the rights and privileges of the white man instead of imitating him in the habits of industry which have procured the white man these advantages. As a well-known American negro once said: "The negroes placed more importance upon getting a seat in Congress or on the town council than upon acquiring property and industrial proficiency. They would rather spend a dollar at the opera than to earn it at a factory." It should be noted, however, that, when the slaves were set free, nothing was done to insure their education or to provide them with land. Therefore it is easy to understand how difficult it has been for the negroes to keep step with American progress. The same is true in regard to the negroes of West Indies. The chief cause of their low stage of development is that they have lacked and still lack the inducement offered by the prospect of equality with the whites and the possibility of economical and social success. I therefore think it is necessary to try to make independent landowning farmers of the negroes on St. Croix and St. John, and I believe this might be successful. Even though big farming is most suitable for these islands at the present, it is to be hoped that steps will soon be taken to provide as many as possible with farms of their own. It is true that attempts have earlier been made in this direction, and the reason why they have not met with unqualified success is doubtless because they were made just at the time of the fall in the prices of sugar, and the people who started these enterprises did not have enough capital or energy to tide themselves over the crisis. On Jamaica the division of the land into small farms cultivated by negroes has met with great success. In a book called *Black Jamaica* published in 1895, an English priest, Livingstone, has described the conditions of the negroes, and especially the enormous progress made since they have been given small farms to cultivate. He points out that in the Jamaica lowlands there are over 72,000 farms of less than five acres each, mostly cultivated by negroes, and he declares that the ever-increasing fruit export of the island is chiefly due to these small farms. England supports this export by a subvention of £20,000 annually to a steamship line which runs quick steamers with refrigerator rooms direct between Jamaica and England. The negroes on the Danish islands have not lacked desire to carry on a similar trade, but they have had no capital and could not mortgage their farms, which were grown up to underbrush, because the by-laws of the banks prevent them from taking

mortgages in farms unless they are under the plough and furnished with buildings and stock. It is therefore necessary for the State to come to their aid and it is to be hoped that both Cabinet and Rigsdag will soon take steps to give the negroes land of their own. No doubt the Plantation Association, which has done so much for the progress of the islands, will help get seed and plants, give the negroes advice, and help them sell their products. According to the modern cooperative system, I suppose the negroes ought to clear the ground in company, cultivate the ground separately, each on his little farm, raising poultry, goats, mules and other domestic animals, and to sell the products in company. If this is carried out, the children will without doubt live and have both desire and strength to work, and thus emigration will cease, and it is to be hoped that drunkenness will become less.

We have not time to go into other important details, such as improvement of the fisheries and of irrigation, but I will mention one point which [is] vital, namely the tariff.

The reason why I touched upon this subject is that, some time ago, I received two boxes of preserved fruit from the West Indies for a charity sale here in the city. At the charity sale the preserves brought about 25 Kroner, while the freight cost 18 and the duty 26 Kroner. This made me think that there was something wrong with the tariff, and I therefore made some investigations.

In import to the West Indies, goods from the home country are not given any preference, and therefore the United States, being much nearer, monopolizes the import to the islands, especially with respect to St. Croix.

The import to St. Thomas is given in a previous table. The export is insignificant. Thus we plainly see how preponderous the import from America is; but the import from Denmark has increased a little during the last few years. From this we see how desirable it is to give a rebate in the tariff for goods from Denmark. At the present, however, the financial situation of the islands makes this very difficult, it would not be of great importance, since most of the articles imported by St. Croix are things not exported by Denmark, or with respect to which it could not, under any circumstances, compete with America, *f. i.* lumber, machinery, corn and wheat, coal, etc. With respect to an eventual claim for reciprocity it may, however, be emphasized that, for our export, it makes no difference if the market on St. Croix becomes easier or not, while the West Indies is to a large extent obliged to seek a market for its products in the home country.

It will be seen that it is here a question of a very great increase. Furthermore, the duty on live turtles is 1 Kroner per kgr., while tinned turtle costs 14 øre per kgr. in duty—proposed unaltered. The duty on 50% rum is now 25 to 29 øre per liter. It is proposed that this duty shall be 25 øre, besides the excise duty paid by the retailer. The present duty is 150% of the cost price. The present duty on sugar is 4.6 to 12 øre. The lowest rate is 50 to 60% of the cost price. In relation to the price, the duty is now much higher than before.

It is hardly possible that the State really wishes to meet the efforts made to help the islands by such a high duty that most goods are impossible to export to the home country. It is unnecessary to point out how important it is for the islands to be able to export their fruits in dried or preserved condition, instead of having to sell them fresh on the islands, but by raising the duty on these commodities their export is rendered almost impossible, there being a sharp competition with the fruit imported to Denmark via England and from Italy and California (canned fruit).

It would seem reasonable to place the West Indian Islands on the same footing in this respect as Iceland and the Faroe Islands, thus making West Indian products free of duty. This can hardly be done, however, with respect to fruits, since the export of fruits is to a large degree based on the supply from the adjacent British islands, and it would be difficult to determine what fruit really came from the Danish West Indies, especially with respect to fruit sent without *emballage*. But if these articles cannot be entered duty free, they ought to be given such rebates that the export from the islands is not prohibited. The duty on turtles also seems to be too high.

St. Croix rum is almost exclusively sold in Denmark and it would be a great encouragement to the small sugar plantations and rum distilleries if a rebate could be granted on their products, thus not only cutting out the Jamaica rum but making it also possible to pay the plantations a higher price for their products. Up to 1863, St. Croix rum had a duty of 17 Rigsdalers and 48 Skillings per 240 potts of 8 $\frac{1}{2}$, plus 6% official fees, while foreign rum had a duty of 18 Rigsdalers, plus 6% official fees. A certificate of origin could easily be obtained for rum, and therefore there would be no obstacle to granting West Indian rum

freedom from duty, so that there would only be the excise duty on it. In 1906 48,269 gallons of rum was exported from St. Croix, 39,764 gallons of which went to Denmark.

With respect to St. Croix sugar, its production has for several years only been a loss. The high duties are largely to blame for this. Hitherto nearly all St. Croix sugar has been sold in America, but of late the prices have been very low, generally only 3 cts. per lb. After St. Croix sugar had not had any market here for several years, an attempt was again made to sell it here in 1906, and 200 barrels of 250 lbs. each, brutto, were sold. Owing to the reduction in freight granted by the East Asia Company, a slightly higher profit was made by selling the sugar here than in New York, but if this is to continue, the duty must be reduced, and it would only be natural and just if the duty on sugar from the Danish West Indies were reduced to the same sum as the home excise duty, especially, since taxes on St. Croix are chiefly levied on cultivated sugar farms. Until 1863, St. Croix sugar enjoyed a rebate, the duty being one Rigsdaler and 64 Skillings per Cwt. plus 6% official fees, while the duty on foreign sugar was 2 Rigsdalers and 60 Skillings, plus 6% official fees. Formerly sugar, as well as other products from the Danish West Indies, was favored by half as high wharfage dues as products from other trans-Atlantic ports. It is supposed that it was the relations to the Duchies which, in 1863, deprived West Indian products of the rebates formerly accorded to them, but now that the tariff is under debate, there seems to be due cause for considering the feasibility of favoring the sugar growers in St. Croix by placing them on an equal footing with the home sugar producers. They will, at all events, have the freight against them in their competition with the home producers. The loss for the Danish Treasury, if this rebate is granted, will not exceed 200,000 Kroner, and will most likely be even less, since it is hardly possible that all the sugar will be sold here, and sugar will furthermore partly give place to cotton. At the present, the sugar-production is 25 to 30 million lbs. annually. In our times, when there is so much partiality shown to parts of the monarchy lying much nearer than the West Indies, we feel justified in calling to the proper authorities: *Videant consules*, hoping that this partiality will not increase.

As a *résumé* of my remarks, I would finally state that, if the East Asiatic Company and the Plantation Association continue their good work, if steps are taken to give the negroes land, and if the tariff is properly adjusted, I believe that the crisis in Danish West Indies will come to an end, and that a new era will be inaugurated.

III. NEGOTIATIONS FOR THE TREATY OF AUGUST 4, 1916

File No. 711.5914/26

Minister Egan to the Secretary of State

No. 833

AMERICAN LEGATION,
Copenhagen, March 8, 1915.

SIR: It may seem out of place for me, especially when the most terrible events are making a crisis in the world, to return to a subject on which in the past I have written many despatches, the purchase of the Danish Antilles. For seven years I have hoped that the Department might instruct me to make such suggestions to the Danish Government as would lead to an offer of these islands to the United States at a reasonable price. For good reason, I am sure, I received little encouragement; it was necessary to soften the suspicion of our arrogance and imperialistic tendencies which had arisen here and seemed fixed, and to make the Danish people feel that the Government of the United States has a sincere interest in their progress and sympathy with their national aspirations.

Once during the administration of President Taft there seemed to be some hope that the matter of the purchase of these islands might be considered as probable in the near future; the President went so

far as to ask me whether they could be put under the same jurisdiction as Porto Rico and what price might be asked for them. This was sometime after a number of distinguished Danes had sent to me a memorial (September 23, 1910) proposing that our Government should accept Greenland in exchange for Mindanao, the Danish Government having the right to surrender Mindanao to Germany in exchange for Northern Schleswig. The hope that Danish Schleswig may one day again become part of Denmark is still cherished by a great number of the Danes, whose very delicate position, between two great Powers, does not depress their national ardor. The knowledge that this memorial had been presented to me produced a discussion in certain groups here as to whether the Danish Government would be willing to part with St. Thomas and the other Danish Antilles.

All this of course was purely academic, but interesting. It was made plain that if the pride of this small country in parting with such useless possessions as the Danish West Indies could be soothed, the islands might easily be made to come to us. The price of course would have had to be greater than it would have been previous to the opening of the Panama Canal or before the present improvements in the harbor of St. Thomas had begun. There would have been then no objection on the part of either England or Germany.

The main opponent of the sale, when the last attempt was made in 1902, was the East Asiatic Company, backed up by certain business men here; for instance Mr. Holger Petersen. Home politics too, played a part in the defeat of the project in the Upper House,—the Conservative Party fearing that the Deuntzer Ministry might strengthen itself by spending the money received for these islands. The interest of the business men in the holding of the islands has fallen off; the national subscription for the improving of the islands, which was opened in 1912 entirely failed. My argument with the principal opposers of the sale of the islands to us was to the effect that if they were to remain a burden to Denmark and a blot on the face of progress, as they were, it would be much better for the national reputation of Denmark that they should be sold to the United States. This attitude was looked upon as reasonable. Representing the ideas of our Government, I said publicly, that the United States would gladly sympathize with any attempt to make the population of the islands more contented and prosperous. The improvements in St. Thomas are still going on, but interest in them, on the part of the Danish people, has almost entirely ceased.

It is not necessary for me to comment on the importance of the great harbor of St. Thomas as a base of operations for any nation that possesses it. There is a rumor, widely spread, founded on the negotiations of 1902, that the United States had secured an option on the islands in question. This is without foundation, as far as I know.

It is not improbable that one day Denmark, in spite of the apparent drawing together of the three Scandinavian countries, may be absorbed by Germany, not by the breaking of her neutrality, which, however, is feared, but by what is called "peaceful penetration." If Germany should gain great advantages in the present war, neither England, nor Russia, nor France would be in a position to protest; and protests from other nations would of course be useless. The

Danish West India Islands would then be the property of Germany, as Heligoland, under very different circumstances, became her property. A copy of the memorial sent by me to the Department on September 23, 1910,¹⁵ is appended.

I have been impressed by the fact that the Department, notwithstanding its present arduous and grievous occupations, has kept its eyes fastened on probable contingencies which may result from the present war and I take the liberty of calling attention to one of these possible contingencies.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/27

Minister Egan to the Secretary of State

[Extracts]

No. 850

AMERICAN LEGATION,
Copenhagen, May 24, 1915.

SIR: The question of a possible sale of the Danish Antilles to the United States forms an undercurrent of thought here, much evidence in recent talks I have had with important personages, owing to the latest reports from the islands of the failure of the sugar plantations. Admiral de Richelieu and Etatsraad Andersen, representing the East Asiatic Company, and conservative in politics, would at present be unfavorable to the sale, but the following account of a recent conference with the Minister of Foreign Affairs, who represents the opinion of the majority of voters in Denmark, will give the Department an impression of the condition of public opinion on this matter.

In a conversation with the Minister of Foreign Affairs, Mr. Erik de Seavenius, on May 5, 1915, I asked him what was the present condition of the Danish West India Islands. He answered that, economically, they were very bad and that the latest reports from the planters of sugar showed that industry to be in a deplorable condition, partly because of the American tariff, but without doubt because of the fact that the soil has been too long used for the production of sugar and that to make a change leading to a rotation of crops would at present incur too much loss. I then suggested that it was evident that the capitalists, who were interested in keeping the West India Islands as Danish possessions in 1902, had evidently changed their opinion as to the financial value of these islands. He said that he had no doubt that this was true. I then said that, leaving out of the question the subject of national honor which had so often been alluded to during the previous negotiations regarding the sale of the islands to the United States, there seemed no reason why Denmark should not part with the islands, as I knew there would be no objection on the part of the citizens of the islands. He answered that the best of the citizens, the skilled, the cleverest and the most ambitious were leaving the islands in order to find greater opportunities in the United States and that the Government at present saw no way of changing this.

¹⁵ Not printed here. See inclosure to despatch of September 20, 1910, from Minister Egan, *ante*.

In speaking of the improvements in the harbor, undertaken under the auspices of the East Asiatic Company, he said that he had heard no reports of the success of these operations and that personally he had no belief in their success. I then asked him what would be his personal attitude towards the sale of the islands to us. He answered that personally, he emphasized the fact that he did not speak officially, he thought that the islands ought to be sold, and that they eventually would be sold to the United States. I said that during my stay in Denmark, as Minister, I had occasionally been asked by influential Americans why the United States did not buy the islands, but I had had no intimation that the Government of the United States considered the time propitious for the encouragement of any proposals from Denmark to the United States as to this sale; that, personally, I should have been glad to present to my Government any proposal of the kind, but that up to the present time this had only been a personal attitude on my part. The present, Mr. Scavenius said, was a time hardly ripe for any proposal on the part of Denmark, but, if the United States gave any encouragement to the consideration of the possibility of such a sale, it might be possible.

He felt sure that the attitude of the United States, which was so sympathetic and kindly toward Denmark, would convince the Danish people that the American Government was not trying to force a sale from a small nation only because it was a small nation. As I had heard the objection used before that, in the two previous attempts of the United States to buy the Danish Antilles, the Government of the United States had selected the Danish islands because Denmark was supposed to be small and poor, I at once answered that Denmark now was not poor; that I understood that it was very prosperous, and that a country which included Greenland and Iceland could hardly be considered territorially small. * * *

In parting we agreed that it would be to the advantage of the United States and Denmark to arrange for the transfer of the islands provided such an opportunity should occur. We again assured each other that our conversation was in no way official but in every respect tentative and personal.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/26

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, June 16, 1915, 4 p. m.

27. Department is of the opinion that plan suggested in your despatch No. 833, March 8, is desirable and may be feasible and you may very discreetly approach the proper officials with a view to ascertaining whether a proposal such as contemplated would be received not unfavorably.

LANSING

File No. 711.5914/29

Minister Egan to the Secretary of State

[Extract]

No. 867

AMERICAN LEGATION,
Copenhagen, July 17, 1915.

SIR: With reference to my confidential despatch No. 833 of March 8, 1915, and to the Department's confidential telegram No. 27 of June 14, 4 p. m., in reply thereto, I have the honor to state that I had an interview with Mr. Christian Helweg-Larsen, Governor of the Danish West Indies. He has been in the Danish service in the West Indies since 1888. He is a good type of the Danish bureaucrat, with apparently few interests outside those of his ordinary work. Strangely enough he knows little about conditions in the United States, which he has never visited except on his way to or from Europe; his present visit to Denmark is the first in four years. He is a man of cultivation, and outside of his special work in the islands his principal intellectual interest seems to be in interpreting Shakespeare. He goes to Puerto Rico whenever he has the opportunity, as the administration of affairs in that island, he says, helps him in solving problems that confront him in the islands over which he is Governor.

It was quite evident from the beginning of the interview that he belonged to the party, not very large in numbers, which desires to retain these islands, because it feels that Denmark has lost so much territory, that the surrender of any more would be a blow to the national prestige. Besides, he has, I think, a financial interest in the improvements in the harbor, which the East Asiatic Company is undertaking. He told me that he always attends the meetings of the directors in St. Thomas.

In my opinion, I said that the Danish West Indies might well belong to the United States. He said that he was glad that this was only my private opinion and not the opinion of my Government. I agreed with him that my Government had expressed no desire to be the owner of any of the Danish Islands, since 1902 when the Danish Rigsdag by one vote had defeated the motion for selling them.

I then asked his opinion of the status of the negro calling himself Hamilton Jackson, who has been speaking at various socialistic meetings in Denmark on the ill-treatment of the negroes in the Danish Islands at the hands of the officials there. He said that this negro has much less cause for complaint than he would have under an American administration. He might then have the suffrage, to be sure, but he would be looked on only as a "nigger" and receive no social consideration. * * *

He reiterated his belief that the United States did not care to possess the islands, and that I was alone in my opinion that they could be of any value to us. He said that he has often told citizens of the islands, who desired to go under American protection, that the United States would never be so benevolent as Denmark has been. "Denmark, through motives of national pride, was willing to lose money every year in order to keep the islands, but the United States would force them to pay for themselves." My answer was, that if

Denmark was willing to sell, and if the citizens of the islands approved of the sale by their votes, we should no doubt find a means of making St. Thomas and Santa Cruz pay.

He disclaimed speaking for his Government, but he thinks that St. Thomas will be a place of tremendous value as a point for transshipment between the British Channel and the Panama Canal. I suggested that the harbor of St. Thomas be a fruit station for ships going southward. He said for this purpose it could have no value as the fruit steamers took a shorter route. He admitted that under this administration the cleverest and most valuable inhabitants were leaving the islands because prices for labor in the United States were much higher. He admitted that conditions in Santa Cruz were very retrograde owing to the failure of the soil and perhaps the unenergetic management; but he grew enthusiastic about the prospects of the improvements in the harbor and their effects on the prosperity of the islands when the present war should cease.

I gather that the greatest opposition to the sale of the islands would come from the East Asiatic Company and probably from the English interests in the islands should these join forces with that company. This was foreseen some time ago and an effort, unofficially, of course, was made to interest Mr. Leigh Hunt and other American capitalists in the improvements of the harbor of St. Thomas.

The Governor said that American capital would be eagerly welcomed in the islands and if some of our capitalists saw their way clear to making investments, it would strengthen our position immensely in the event of the Government's desiring to purchase the Danish West Indies.

I have the honor to thank the Department for its encouragement in a matter which seems to me of great importance in the future of the United States.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/29

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,

Washington, August 10, 1915, 11 a. m.

37. Your mail despatch 867, July 17. Department much interested in your report but believes that matter should be expedited if possible and suggests that you discreetly and confidentially speak to Minister for Foreign Affairs with the view of ascertaining whether the Government of Denmark would be willing to approach subject of sale of islands at this time.

LANSING

File No. 711.5914/32

Minister Egan to the Secretary of State

No. 870

AMERICAN LEGATION,

Copenhagen, August 18, 1915

SIR: Replying to the Department's telegram No. 37 of August 10, 11 a.m., I have the honor to report that I saw Mr. Erik de Scavennius, the Minister for Foreign Affairs, at the earliest opportunity

which was today, August 18th. Mr. Scavenius and I had had several rather academic conversations regarding the sale of the Danish West Indies to the United States and it was not difficult to open the question. I told him that I should consider our talk confidential, so far as outside persons were concerned, but that I would communicate anything he said to my Government. I then asked him whether he still believed it would be well for Denmark to cede the Danish West Indies to the United States. He said that he had always believed so and that he believed so now; but that this was his personal opinion and that he had not yet discovered the views of his colleagues in the Ministry or of the public in this matter. I then asked him whether he thought that the present moment was propitious for the raising of the question. He said that it was his personal opinion that it would be a rather delicate matter to entertain a proposition for the sale of the islands while the present war was going on, but that the opinion of his colleagues and the public generally might be sounded on the subject. I answered that I thought the failure of the attempt made in the summer of 1912 to induce the Danish people to supply funds for the improving of the harbor of St. Thomas by appealing to their patriotism showed that the public was indifferent to the destiny of the islands. Mr. de Scavenius admitted with certain reservations the probable truth of this deduction. He added that if any proposition worthy of the reputation of the United States for largeness of views and for generosity were made, it would probably be seriously considered. I asked him what he meant by largeness of views and generosity as applied to the purchase of the islands. He said that the previous experience of Denmark in her relations with the United States in regard to the sale of the islands had been so unfortunate, owing, he thought to a misunderstanding on both sides, that the prestige of both countries demanded that the United States should not propose pecuniary terms which would lead to haggling or fail to give guarantees which would effect the kind treatment of the present inhabitants, principally negroes. I answered that as to the first, the United States was not in the habit of buying anything because it was cheap, but because it felt the need of possessing it, that he was right in presuming that if my Government made any proposition it would be both generous and just, and as to the treatment of the negroes, it seemed to me we understood the character of the colored people and the way of making them content better than the Europeans. He was very polite, but he hesitated before agreeing with me. He repeated that what he meant by large-mindedness was that we should give Denmark an assurance that the negro population was to be treated in the most kindly and liberal way. I answered that the United States could not show a greater confidence in its colored population than by giving it the right of suffrage which the Danes in the West Indies had not yet seen their way to doing. He said too that Europeans were probably wrong in forming their opinions of our treatment of the colored population in the United States owing to their ignorance of conditions in the United States, that he felt the greatest confidence in the principles of humanity which must actuate a great nation like ours. He reiterated the statement that in view of past negotiations for the islands, which had not reflected credit on either country, Denmark could not

make an offer of the islands to us, but that he was reasonably certain, though he spoke only personally, that if a suitable offer was made it would be seriously considered.

He also spoke of the probable opposition to the project. I said that I anticipated no real opposition except perhaps from my friend Admiral Richelieu and the East Asiatic Company, who, divorcing themselves from any pecuniary connection with the Danish Government, had undertaken to complete the improvements to the harbor. In my opinion many of the business men who opposed the sale of the islands in 1902 felt now that owing to the failures in Santa Cruz and the comatose condition of affairs in St. Thomas that there was no chance of making the islands pay under the present régime; I assumed too that my Government would so safeguard the rights and investments of the East Asiatic Company, etc., that these interests would be only too glad to profit by the increased prosperity which the possession of the islands by the United States would bring about.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/30

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, August 19, 1915, 6 p. m.

168. In an interview with the Minister for Foreign Affairs concerning the sale of the Danish West Indies he said that he thought that immediate action would seem strange in time of war but that personally he believed that the islands ought to be sold. He had had no opportunity of consulting his colleagues or public opinion, but he felt that an offer generously made safeguarding the interests of the inhabitants would be seriously considered. Despatch forwarded by mail to-day.

EGAN

File No. 711.5914/33

AMERICAN LEGATION,
Copenhagen, September 16, 1915, 5 p. m.

173. In reference to your telegram of August 10, 11 a. m., number 37, regarding question of Danish West Indies. It is evident that from the necessity of keeping up the popular benevolent institutions and maintaining the *quasi* mobilization the Danish Government will soon need money.

EGAN

File No. 859d.00/4

AMERICAN LEGATION,
Copenhagen, November 8, 1915, 4 p. m.

185. It is understood that Danish socialists have financed Hamilton Jackson's uprising in the Danish West Indies. The present Government sends *Valkyrian* in order to prevent conservative criticism that it does not offer protection to the whites. Sentiment in favor of selling islands to the United States growing very fast.

EGAN

File No. 711.5914/38a

The Secretary of State to Minister Egan

No. 254

AMERICAN LEGATION,
Copenhagen, November 9, 1915.

SIR: During a recent visit to the Department of the Danish Minister, I referred to the question of probable acquisition, by the Government of the United States, of the Danish West Indies, and inquired whether, in his opinion, he deemed it feasible at this time. He replied that, owing to the opening of the Panama Canal, he had no doubt that his Government considered the islands of more value now, than in the past, on account of the increase of trade which would naturally follow, and would hesitate to part with any commercial advantages which the retention of the islands gave to Denmark.

I called his attention to the fact that if the islands were acquired it would be largely for military purposes and indicated to him that it would no doubt be possible to reach some arrangement by which the Danish Government, in the event that they would be willing to part with the islands, could arrange for certain commercial privileges and advantages. He remarked that if this could be done, he could see no good reason why the Danish Government would not be willing to dispose of the islands.

Your telegram No. 185, of October 8, 1915, four p. m. has been received and I will be glad if you will give the question of the sale of the islands your close attention and secure, if possible, some tentative offer from the Danish Government, as it is necessary to have some proposal from it upon which to base any suggestions which the President might care to make to Congress.

I am [etc.]

ROBERT LANSING

File No. 711.5914/39

Minister Egan to the Secretary of State

No. 889

AMERICAN LEGATION,
Copenhagen, November 19, 1915.

SIR: With reference to my despatch No. 883 of November 6, 1915, and to previous correspondence concerning the Danish West Indies, I have the honor to report that the rumors of a revolution in the Danish Antilles have revived in the press the supposition that our Government may sooner or later be offered these islands. Yesterday, *à propos* of these rumors, the British Minister, Sir Henry Lowther, asked me whether there was any truth in them. I answered that I did not attempt to conceal from anybody that I was personally very much in favor of my Government's purchasing these islands, that I always had been, but that there was no thought of any negotiation at present. He asked if there was likely to be in the future. I answered that I would do all I could to make such negotiation possible, but that the war would at present interfere with anything

of the kind and that I could only express my personal opinion. He asked me whether I thought it would be to the interest of Great Britain to encourage such a purchase or not, remarking that he, whenever the matter had been mooted in the papers, had always advised his Government to make no opposition and rather to encourage it and that he would continue to do so. He fears that after the war these islands might be made use of by Germany, although he believed that Denmark would never be allowed to sell them to that Power. He added, that he considered it very much to the interest of England that we should possess these islands. I did not tell him what was in my mind—that if Germany should ever penetrate peacefully or otherwise this country of Denmark, St. Thomas and the other islands would become German—but I remarked that they might easily be made a center of German steamship activity. He agreed with this opinion and he again assured me that, if the United States should, during his stay in Denmark, accept a proposition for the purchase of the islands from Denmark, he would support the project.

As Sir Henry Lowther is a very cautious man, not given to expressing opinions of his own, I have no doubt that he was instructed by his Government to tell me this.

The German Minister, Count Brockdorff-Rantzau, seems entirely indifferent to these rumors and from what I can find out at this present moment no German influence would be brought to bear on the Foreign Office here to prevent the sale should the matter come up officially. As soon as I find any indication that such influence would be used I shall report it at once. At present I can only sound public opinion and make it thoroughly understood through the press and otherwise that our Government is entirely in sympathy with any movement on the part of Denmark to improve the condition of these islands. I am happy to say that the opinion prevalent in Denmark that our Government is imperialistic and desirous of acquiring territory by superior force has almost disappeared. Some years ago it was generally held here.

The movement in favor of selling the islands to the United States is steadily growing. There are a certain number of influential people who are afraid that Germany would secretly oppose the sale, but the greatest opposition would come from those who believe that the prestige of Denmark would suffer by the loss of her colonial possessions.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/44

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, January 8, 1916, 4 p. m.

207. Referring to my number 203, December 24, 4 p. m. Probably our last opportunity for purchase of Danish West Indies. If Germany is defeated she will need Denmark, if she conquers she will

dominate Scandinavia. Danish Government frightened by increasing expenditures, needs money.

EGAN

File No. 711.5914/44

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, January 10, 1916, 3 p. m.

67. Your 203, December 24, 4 p. m., and 207, January 8, 4 p. m. Please inform Foreign Office that, in view of Denmark's willingness to part with her ancient possessions in the West Indies, and, with a desire for an early and friendly conclusion of the negotiations, this Government would consider an offer of the sale of the Danish West Indies for the sum of twenty-five million dollars, although not agreeing to pay that amount, which seems excessive.

LANSING

File No. 711.5914/260a.

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, January 29, 1916.

MY DEAR MR. MINISTER: I am having prepared a draft of a treaty transferring to the United States the sovereignty of the Danish West Indies, which I shall submit to you as a basis of negotiation. In the course of preparing this draft it has occurred to me that it would be very useful to have a definite statement of the character and extent of Danish obligations and rights in these islands as indicated in the attached formal note, so that if it were necessary, as was done in the Treaty of 1902, to make any statements in the new treaty in regard to public rights and obligations, the information would be before us in compact form. Such information would also be very useful for the Government in answering inquiries which undoubtedly will be made by the Senate as to the status of the financial and other obligations of the Danish Government in the West Indies. I hope that in making this request I am not imposing an unnecessary burden upon you at this time, when I know you are extraordinarily busy.

I am [etc.]

ROBERT LANSING

[Inclosure]

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, January 29, 1916.

SIR: With reference to the proposed transfer of sovereignty of the Danish West Indies Islands to the United States, I have the honor

to request that, if you perceive no objection, you notify me formally as to the following:

(1) The character and extent of the public property of every kind and description now belonging to the Danish Government or the Governments of the Danish West Indies, together with all appurtenances thereto, in these islands, including all public, Government or Crown lands, public buildings, wharves, fortifications, barracks, franchises, concessions, grants, and other privileges.

(2) The nature and extent of all grants, concessions, franchises and privileges which have been dispensed by the Danish Government or by the Governments of the Danish West Indies, in or in any way relating to these islands and which are now in existence.

(3) The nature and extent of any Government obligations resulting from or connected with the matters mentioned in paragraphs (1) and (2).

The object of this request is to have a definite description of the rights and obligations of the Government of Denmark and the Governments of the Danish West Indies in these islands up to the date of the signature of the proposed treaty before us during the negotiations, in order that a proper statement in regard to them, if deemed advisable, may be inserted in the proposed treaty. I believe that a clear understanding of these matters will contribute to the expedition with which the treaty can be disposed of in this country, and to the removal of any possible cause of dispute which may arise out of public rights and obligations in these islands.

Accept [etc.]

ROBERT LANSING

File No. 711.5914/249

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, February 7, 1916.

DEAR MR. SECRETARY OF STATE: Agreeable to your suggestion in your letter to me of January 29, I cabled on February 1 to the Danish Government asking to be supplied with a definite statement of the character and extent of Danish obligations and rights in the Danish West Indies, such statement to cover all the points mentioned in your formal note to me of January 29 on the same subject.

I have now received a reply-cablegram from the Danish Minister of Foreign Affairs in which he states that it has been found impracticable to send the required information by cable, but that this information was sent to me in a letter by the S. S. *Frederik VIII*, which sailed from Copenhagen on February 6.

Barring delay occasioned by British cruisers detaining the ship, the *Frederik VIII* should arrive in New York about 10 or 12 days from the date of sailing, and I shall then at once have the pleasure of communicating further with you.

I am [etc.]

C. BRUN

File No. 711.5914/49

Minister Egan to the Secretary of State

No. 910

AMERICAN LEGATION,
Copenhagen, February 21, 1916.

SIR: To-day, with a view to discovering the opinion of one of the gentleman most interested in the Danish Antilles, I called on Gehejmekonferenceraad G. A. Hagemann who has great interests in Saint Croix. In a recently published pamphlet he seemed very pessimistic as to the progress of the Danish West Indies under the present rule. However, knowing that his ideas on the subject were of great importance and that they have wide influence, I asked him very directly whether he would approve of the sale of the islands. He said, "Yes", and that the project would have been approved of in the Upper House in 1902 if a second proposition had been made offering a reasonably larger sum. He denied emphatically that Germany had anything to do with the stopping of the sale. I said that I fancied, as far as I could understand, that there had been three difficulties in 1902; first, the opposition of the East Asiatic Company, the comparative smallness of the sum offered in Danish eyes and the disagreeable scandal occasioned by the *quasi* agents sent over to the United States. Naturally a powerful influence against the sale was that of Prince Valdemar and the late Princess Marie and Director H. N. Andersen of the East Asiatic Company, but then I knew that Mr. Andersen had close relations with Herr Ballin of the Hamburg-American Line who desired a base in the islands. That, however, Mr. Hagemann said, would make no difference now as the United States would probably, in case of a sale, not interfere with business arrangements already made. I said that I was quite sure that my Government would conserve all legitimate business interests. Mr. Hagemann said that his certainty of this was one of the reasons why he should not object to the sale of the islands. He spoke of it having been necessary in 1902 to obtain the consent of the French Government for the sale of Saint Croix (France ceded her rights in Saint Croix in 1868), but agreed with me that this permission had been given without condition and for all time. Mr. Hagemann is, of course, unaware that there have been any negotiations on the subject of the sale. He said that he was afraid that the present Government would not consent to the sale, but that perhaps opinion might be sounded on the subject. He said:

If a good round sum was offered, such as would strike the imagination of the people, there was little doubt in his mind that the Landsting (Upper House) would be compelled to vote for the sale.

He was kind enough to say that he appreciated the delicate way in which our Government had behaved since the failure of the project in 1902, by not raising the question until it was evident that Danish national pride would not be ruffled. He added, however, that if the sum of five millions of dollars had been doubled in 1902, the majority in the Upper House would have been entirely for it. It was quite evident from our conversation that he, as representing the investors in the Danish West Indies, was even quite anxious that the islands should be sold. He promised to get the opinion of Director Holger

Petersen, who has likewise interests in the islands, and who is the president of the East Asiatic Company. I said that this relieved me very much, as I did not want to have the appearance of lobbying for a project which was evidently of great importance to the future of the Danish West Indies, and to the advantage of the Danish Treasury.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/48

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, February 23, 1916, 1 p. m.

220. Referring to my cable of February 17, 1 p. m. Minister of Foreign Affairs pressing urgently for answer to West Indies proposition. He fears that our tension with Germany may delay matters. France ceded all rights to Saint Croix in 1868.

EGAN

File No. 859d. 00/9

Vice Consul Zabriskie to the Director of the Consular Service

[Extract]

AMERICAN CONSULATE,
St. Thomas, D. W. I., February 24, 1916.

SIR: * * * I find that there has been much speculation here during the past four months, especially, regarding the probable purchase of these islands by the United States, and the wildest rumours are almost daily afloat along these lines. Last week the people were freely stating that ex-President Roosevelt had been delegated to these parts for the express purpose of concluding arrangements for the proposed sale, and during the past few days rumours have filtered out that I had been sent here for the same object. A notice that appeared today in one of the daily newspapers of St. Thomas, *Lighbourn's Mail Notes*, concerning the desire of the Danish Government to dispose of the islands, consequent upon the labor troubles in St. Croix, appears to confirm these extravagant impressions. Naturally, all this is most distasteful to me, but I try to pass it off as best I can, and I am citing these facts to the Department now in the event that there might be need of referring to them later on.

I might add that an eager desire on the part of the great majority of the native element to see the American flag waving over the islands can be noted on all sides, the only negative voices in the matter coming from a specially privileged few who have received valued favors from the Danish authorities.

Laborers' Strike in the Island of St. Croix

Conditions in the Island of St. Croix have arrived at the acute stage. The laborers, who are mostly negroes, under the direction of one D. Hamilton Jackson, who has displayed qualities that have

brought him a decided leadership over the Santa Cruzian blacks, and who has visited Copenhagen recently and secured a certain foothold in Government circles, and especially among the socialists there; decided several months ago upon the general strike that was put into operation just a few weeks ago, or at a time when the harvesting of the sugar-cane crops was about to begin. The cause of this strike is said to be due to the starvation wages that have been paid to the black laborers, and is continued because the plantation owners and managers refuse to comply to the laborers' demands (which are reported by various reputable parties to be no more than what is reasonable).

On December 8, 1915, the Danish Cruiser *Valleyrien* was sent to St. Croix to preserve order, and has been stationed in these waters ever since, and the Governor of these islands has been permanently stationed at St. Croix for a considerable period. The Governor has been placed in the position of mediator between the two contending factions—employers and employees—but in spite of repeated attempts towards a settlement of their differences, no arrangement has as yet been concluded. Jackson is said to have exercised a wonderful influence over his followers. He has persuaded them to give up drinking, and has preserved a semblance of orderliness up to date, in spite of the fearful predictions of his adversaries. Owing to his fearless and independent attitude, he has incurred the displeasure of the Governor, who stoutly refuses to have anything further to do with him as the laborers' representative, but who appears to be powerless to crush him. This may be due, as some say, to Jackson's powerful backing in official, and socialistic circles in Copenhagen, or, as others aver, because of his strong hold over the Santa Cruzians, whom the authorities fear would bring devastation and ruin throughout the island were their leader to be interfered with.

Jackson publishes a daily newspaper, and is bitter in his denunciations of the Governor and others who have thwarted the designs of the laborers; but in this work, in his public utterances, which are frequent, and in his other activities he is said to take care to keep just within the limits of the law. He counsels his followers against any unlawful demonstrations, such as the firing of the cane crops, or wanton destruction of any private or public properties, which he states, is precisely what the enraged planters desire, in order that they may have a legitimate (?) excuse for shooting them up. Matters appear to be reaching a climax, however, as the extensive and valuable cane crops are likely to become practically worthless if they are not harvested within two weeks. In fact, the February 23d edition of the *West End News*, which is reputed to be the Government newspaper of Frederiksted, St. Croix, concludes an urgent appeal to the Cruzian laborers by urging them to return to the fields "in order to save their island from ruin and thus preserve it for the Danish Crown." Furthermore, a St. Thomas daily paper, *Lighbourn's Mail Notes*, to-day publishes a news paragraph reported to originate from Copenhagen, stating that

The strike of the negroes in the Danish West Indies revives the proposition to sell the West India Islands to the United States of America, if the American Government is willing to pay more than four million dollars for them.

It is not proven that the laborers have as yet gone beyond bounds, although a yesterday's dispatch from St. Croix affirms that eleven fires were started the day before on one of the large estates, which were finally extinguished by the marines from the *Valkyrien* and the local gendarmes. A rumour has just reached here that one of the large plantation owners, now in Copenhagen, has cabled his willingness to sell out his entire holdings for a price approximating what his last year's harvest yielded him.

Should an opportunity offer, where a real or pretended outrage on the part of the blacks might furnish a fancied pretext for retaliation, it is believed by many that the large estate owners, agents, etc., who include a few Irishmen and a large number of Danes, and who are well supplied with arms and ammunition, assisted by the local gendarmes and guns from the *Valkyrien*, would show no mercy to their foes, and that a frightful carnage would be the result.

The West Indian Company, Limited, of St. Thomas, D. W. I.

Referring to a recent cable from the Department, making enquiry regarding The West Indian Company, or The East Asiatic Company of St. Thomas, which I feel was insufficiently and perhaps inaccurately, answered by the consulate (and also to another late cable regarding a contract for fifteen thousand tons of coal made here by the Earn Steamship Company of Philadelphia), I have to report that interest is thereby directed to the most interesting institution of the Island of St. Thomas, since The West Indian Company, Ltd., has by far the most powerful foothold of any other concern here, and may prove to be stronger than all of the other concerns combined. I have become acquainted with the local manager of this company, Captain H. P. Berg, and he has already extended certain courtesies to me. I now hope to have a complete report concerning all the interests and activities of this powerful corporation to submit to the Department within a short while.

According to my present understanding, The West Indian Company, Ltd., is a corporation organized under the laws of Denmark, with head offices at St. Thomas. I am persuaded to believe that considerable of the stock of this corporation, if not the majority, is held by Germans. This company acts as the local agent of The East Asiatic Company, whose head offices are in Copenhagen, which acts, in its turn, as the Copenhagen representative of The West Indian Company. The present prospects point to this company enjoying a practical monopoly over shipping, and other affairs in St. Thomas, including the coaling, water and other supply business. It owns and operates the electric light plant of the place, which has taken the place of an unsatisfactory gas light company, which is now practically extinct, and there is a possibility of it monopolizing the village water supply in the not distant future.

About one and a half million dollars have already been expended on their harbor, etc., works, and another half million will be expended before the work is entirely completed. The Governor of the Island, Mr. L. C. Helweg-Larsen, is the chairman of the board of directors of this corporation. * * *

I have [etc.]

LUTHER K. ZABRISKIE

The Acting Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, March 14, 1916, 6 p.m.

88. Please submit to the Foreign Minister the attached draft of a treaty of cession of the Danish West Indies. Article III, Section 3, refers to certain concessions regarding which the United States may undertake to assume and discharge the obligations now incumbent upon the Danish Government. Of the concessions mentioned the Department has not seen the original documents relating to the concessions to the Saint Thomas Dock, Engineering and Coal Company, to the West India Company regarding improvement of Saint Thomas Harbor, and to Ejnar Svendsen; nor the original documents relating to the Danish Government's guarantee of Saint Thomas Harbor four per cent loan of 1910. The undertaking in Article III, therefore, is subject to the Department's further examination of the original documents relating to the concessions and guarantees therein mentioned. Bring the foregoing to the attention of the Foreign Minister, obtain the original documents mentioned, mail them immediately to Department and telegraph brief summary of them. Keep Department fully advised and use greatest possible precaution to keep negotiations absolutely secret.

The United States of America and the Kingdom of Denmark, being desirous of strengthening, if possible, the good understanding which exists between them, have, for that purpose appointed as their Plenipotentiaries: the President of the United States, Robert Lansing, Secretary of State of the United States; and His Majesty the King of Denmark, Constantin Brun, his Envoy Extraordinary and Minister Plenipotentiary to the United States; and the said Plenipotentiaries, having exchanged their full powers, which were found to be in due form, have agreed upon and signed the following articles:

ARTICLE I

Denmark by this convention cedes to the United States all territory, dominion and sovereignty, possessed, asserted or claimed by Denmark in the West Indies, including the Islands of St. Thomas, St. John and St. Croix, together with the adjacent islands and rocks.

This cession includes the right of property in all public, Government, or Crown lands, public buildings, wharves, ports, harbors, fortifications, barracks, funds, rights, franchises, and privileges, and all other public property of every kind or description now belonging to Denmark, together with all appurtenances thereto.

In this cession shall also be included any Government archives, records, papers or documents which relate to this cession or the rights and property of the inhabitants of the islands ceded, and which may now be existing either in the islands ceded or in Denmark. Such archives and records shall be carefully preserved, and authenticated copies thereof, as may be required, shall be at all times given to the United States Government or the Danish Government, as the case may be, or to such properly authorized persons as may apply for them.

ARTICLE II

Denmark guarantees that the cession made by the preceding article is free and unincumbered by any reservations, privileges, franchises, grants or possessions, by any governments, corporations, syndicates or individuals, except as

herein mentioned. But it is understood that this cession does not in any respect impair private rights which by law belong to the peaceful possession of property of all kinds, by private individuals, of whatsoever nationality, by municipalities, public or private establishments, ecclesiastical or civic bodies, or any other associations having legal capacity to acquire and possess property in the islands ceded. The congregations belonging to the Danish National Church shall remain in possession of the churches which are now used by them, together with the parsonages appertaining thereunto. It is specially agreed, however, that:

(1) The arms and military stores existing in the islands at the time of the cession and belonging to the Government of Denmark shall remain the property of that Government and shall, within one year after the exchange of ratifications of this convention, be removed by it, unless they, or parts thereof, may have been bought by the Government of the United States; it being however understood that flags and colors, uniforms and such arms or military articles as are marked as being the property of the Danish Government shall not be included in this cession.

(2) The pecuniary claims now held by Denmark against the colonial treasuries of the islands ceded are altogether extinguished in consequence of this cession and the United States assumes no responsibility whatsoever for or in connection with these claims.

(3) The United States will assume and continue to discharge the obligations incumbent upon the Danish Government at the date of this treaty under the following grants:

Concession of March —, 1897, to the St. Thomas Dock, Engineering and Coal-ing Company, Limited, relative to a floating dock in St. Thomas Harbor;

Royal Decree of November 30, 1914, relative to subsidies to the West India and Panama Telegraph Company (Ltd.);

Concession of July 7, 1912, to the West India Company, Ltd. relative to the improvement of St. Thomas Harbor;

Concession of (Space for date) to Ejnar Svendsen for the construction and operation of an electric light plant in Christiansted, St. Croix;

Concession of November 3, 1906, to K. B. Hey to establish and operate a telephone system on St. Thomas Island;

Concession of February 28, 1913, to the Municipality of St. Croix to establish and operate a telephone system on St. Croix Island.

Concession of June 20, 1904, for the establishment of the Danish West India National Bank;

Guarantee of (Space for date) relative to the St. Thomas Harbor four per cent loan of 1910.

(4) No responsibility of any kind whatsoever is incumbent on the Danish Government, or on the United States Government, as to the guaranty which, conformably to the ordinance of June 16, 1876, the colonial treasury of Sainte Croix has assumed with regard to the payment of an interest of five per cent per annum to the holders of the shares of the Sainte Croix Fallessukkerkogerier Company, Limited. The Danish Government retains the claims held by it as a creditor against the Ste. Croix Fallessukkerkogerier Company, Limited, and should the Danish Government acquire the ownership of property belonging to this company in the Island of Ste. Croix, the following provision (5) regarding a sale within two years shall apply to such property; the two years however to begin from the date of the acquirement of ownership of said property which, if at all, shall be within three years from the date of the exchange of the ratifications of the present convention.

(5) Whatever sum shall be due to the Danish Treasury by individuals on the date of the exchange of ratifications are reserved and do not pass by this cession; and where the Danish Government shall at that date hold property taken over by the Danish Treasury for sums due by individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds within two years from the date of the exchange of ratifications of this convention, the United States Government being entitled to sell by public auction, to the credit of the Danish Government, any portion of such property remaining unsold at the expiration of the said term of two years.

(6) The colonial treasuries shall continue to pay the yearly allowances now given to functionaries appointed in the islands but holding no Royal commissions, who have been retired prior to the date of this convention unless those allowances may have until now been paid by the Danish Treasury, but no allowance in arrears shall be so paid.

ARTICLE IV

The Danish Government shall appoint, with convenient despatch, an agent or agents for the purpose of formally delivering to a similar agent or agents appointed on behalf of the United States, the territory, dominion, property and appurtenances which are ceded hereby, and for doing any other act which may be necessary in regard thereto. Formal delivery of the territory and property ceded shall be made immediately after the payment by the United States of the sum of money stipulated in this convention; but the cession with the right of immediate possession is nevertheless to be deemed complete on the exchange of the ratifications of this convention without such formal delivery. Any Danish military or naval forces which may be in the islands ceded shall be withdrawn as soon as may be practicable after the exchange of ratifications, but not later than six months thereafter, it being however understood that if the persons constituting these forces, after having terminated their Danish service, do not wish to leave the islands, they shall be allowed to remain there as civilians.

ARTICLE V

In full consideration of the cession made by this convention, the United States agrees to pay, within six months from the date of the exchange of the ratifications of this convention, in the City of Washington to the diplomatic representative or other agent of His Majesty the King of Denmark, duly authorized to receive the money, the sum of Twenty-five Million Dollars in gold coin of the United States.

ARTICLE VI

Danish subjects residing in the territory ceded may remain in such territory or may remove therefrom, retaining, in either event, all their rights of property, including the right to sell or dispose of such property or of its proceeds, and their right to carry on their industry, commerce and professions, being subject in respect to these rights to such laws as are applicable to other foreigners. In case they remain in the territory they may preserve their allegiance to the Crown of Denmark by making, before a court of record, within a year from the date of the exchange of ratifications of this convention, a declaration of their decision to preserve such allegiance; in default of which declaration they shall be held to have renounced it and to have adopted the nationality of the territory in which they may reside.

The civil rights and political status of the native inhabitants of the territories hereby ceded to the United States shall be determined by the Congress of the United States.

ARTICLE VII

Danish subjects residing in the islands shall be subject in matters civil as well as criminal to the jurisdiction of the courts of the islands, pursuant to the ordinary laws governing the same; and they shall have the right to appear before such courts, and to pursue the same course therein as citizens of the country to which the courts belong.

ARTICLE VIII

Judicial proceedings pending at the time of the exchange of ratifications of this treaty in the islands ceded shall be determined according to the following rules

1. Judgments rendered either in civil suits between private individuals, or in criminal matters, before the date mentioned, and with respect to which there is no recourse or right to review under Danish law, shall be deemed to be final, and shall be executed in due form by competent authority in the territory within which such judgments should be carried out.

2. Civil suits between private individuals which may on the date mentioned be undetermined shall be prosecuted to judgment before the court in which they may then be pending or in the court that may be substituted therefor.

3. Criminal actions pending on the date mentioned before the Supreme Judicial Tribunal of Denmark against persons of the islands ceded by this convention shall continue under its jurisdiction until final judgment; but, such judgment having been rendered, the execution thereof shall be committed to the competent authority of the place in which the case arose.

ARTICLE IX

The rights of property secured by copyrights and patents acquired by Danish subjects in the islands ceded at the time of the exchange of the ratifications of this treaty, shall continue to be respected.

ARTICLE X

The United States agrees to receive from Denmark consular officers in the ports and places of the islands ceded by the present convention, except where it may not be convenient to recognize such officers.

ARTICLE XI

In view of the development of the political and economic interests of Denmark in Greenland, the United States will not object to the claim of Denmark to take such measures of control and protection in Greenland as she may deem proper and necessary to safeguard and advance these interests, provided that such measures are not contrary to the principle of equal opportunity in whatever concerns the commerce and industry of all nations. Denmark engages to extend so much as is in force of the provisions of the Convention of Friendship, Commerce and Navigation concluded April 26, 1826, with the United States, to Greenland, Iceland and the Faroe Islands.

ARTICLE XII

The ratification of this convention shall be exchanged at Washington as soon as possible after ratification by both of the High Contracting Parties according to their respective procedure.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the English and Danish languages.

Done at Washington the — day of —, in the Year of our Lord One Thousand Nine Hundred and Sixteen.

(Seal)

(Seal)

POLK

File No. 711.5914/50

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, March 20, 1916, 4 p. m.

227. Your 88, March 14, 6 p. m. Foreign Office promises immediately to mail to Minister Brun certified copies of the documents mentioned. States brief summary impossible owing to numerous amendments.

Words "Article III" do not appear in the Department's draft of treaty. Where should they be inserted?

EGAN

File No. 711.5914/51a

The Acting Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, March 21, 1916, 4 p. m.

89. Your 227 March 20, 4 p. m. Department's 88. After "parsonages appertaining thereto" read "Article III. It is specifically agreed however that."

POLK

File No. 711.5914/51b

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, March 27, 1916, 5 p. m.

92. This Government will agree to assume all legal liabilities under Article III of West Indies Treaty, without seeing documents already mailed, on condition that treaty can be signed at once.

In view of uncertain international situation it is hoped that Danish Government will cable full powers to Minister here to sign treaty as drafted. This Government willing to assume full legal liability under Article III without further investigation in order to save time. Matter urgent.

LANSING

File No. 711.5914/55

Minister Egan to the Secretary of State

No. 915

AMERICAN LEGATION,
Copenhagen, March 27, 1916.

SIR: In pursuance of the Department's telegraphic instruction No. 88 of March 14, 6 p.m., I have the honor herewith to transmit to the Department certified copies of the original documents referred to in the aforesaid instruction. These documents which, as stated in the Legation's telegraphic despatch No. 227 of March 20, 4 p.m., the Danish Foreign Office intended to send to the Danish Minister at Washington, have been delivered to me instead. They are accompanied by a letter of transmittal from the Ministry of Finance to the Ministry of Foreign Affairs (enclosure No. 1) and are as follows:

Enclosure No. 2. Concession of March 12, 1897, to The Floating Dock Company of St. Thomas, Ltd.

Enclosure No. 3. Letter from Ministry of Finance of January 18, 1913, to the West India Company. Harbor.

Enclosure No. 4. Letter from the Ministry of Finance of April 16, 1913, to the West India Company. Harbor.

Enclosure No. 5. Letter from the Ministry of Finance of July 16, 1915, to Ejnar Svendsen together with an enclosure thereto.

Enclosure No. 6. Letter from the Directorate of the Danish West India National Bank of February 3, 1910, to the Ministry of Finance.

Enclosure No. 7. Law of April 30, 1909. St. Thomas Harbor loan.

Enclosure No. 8. Letter from the Ministry of Finance of August 6, 1910, to the Directorate of the Danish West India National Bank.

Enclosure No. 9. Letter from the Directorate of the Danish West India National Bank of August 13, 1910, to the Ministry of Finance.

Enclosure No. 10. English text of the Danish Government's guarantee of the Saint Thomas Harbor 4% loan of 1910.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure 1—Translation]

CENTRAL GOVERNMENT FOR THE DANISH WEST INDIA ISLANDS
MINISTRY OF FINANCE
Copenhagen, March 18, 1916.

Pursuant to a request received privately to that effect, we hereby transmit a copy of the concession (Exhibit A) of March 12, 1897, for The Floating Dock Company of St. Thomas, Limited, for the use of an iron floating dock in St. Thomas Harbor for a period of 21 years, which concession, with the permission of the Ministry of Finance, is now being utilized by the St. Thomas Dock Engineering and Coaling Company, Ltd.; furthermore a copy of the letter of the Ministry of Finance, under date of January 18, (Exhibit B) and April 16, 1913, (Exhibit C) to the West India Company (Det vestindiske Kompagni), relating to the rights granted to it in St. Thomas Harbor, in which connection it may be remarked that copies of these documents have already been transmitted to the Foreign Ministry together with the letter of the Ministry of Finance of the 5th ultimo. The West Indies Company has no other concession from the Ministry of Finance.

As regards the concession of Diploma Engineer Ejnar Svendsen for the establishment and operation of an electric plant at Christiansted on St. Croix Island, we refer to the letter of the Ministry of Finance of July 16, 1915, (Exhibit D) of which a copy is herewith inclosed.

With respect to the guaranty of the Danish Government Bank for the loan of 1910 of the St. Thomas Harbor Council, amounting to 500,000 francs, for work connected with the deepening of the harbor, we refer to the inclosed copy of the law (Exhibit F) embodying an additional appropriation for the fiscal year from April 1, 1908, to March 31, 1909, §24, XI B, serial No. 26, to which is added a copy of a letter from the council of the Danish West India National Bank to the Ministry of Finance of February 3, 1910, (Exhibit E) a letter from the Ministry of Finance to the bank council of August 6, 1910, (Exhibit G) and the letter of the bank council of August 13, 1910, (Exhibit H) and, finally, the English text of the partial bonds issued for the harbor loan (Exhibit I).

A. C. SCHLICHTERULL
C. DINES HANSEN

[Inclosure 2—Exhibit A—Translation]

Concession for the Floating Dock Company of St. Thomas, Limited, for the utilization of an iron floating dock in St. Thomas Harbor for a period of 21 years

His Royal Majesty, King of Denmark, etc., governor for the Danish West India Islands, Carl Emil Hedemann, R. of D., hereby makes known inasmuch that as, on the recommendation of the Ministry of Finance, it pleased His Majesty, the King, in his decree of February 2, last, to authorize the Government for the Danish West India Islands to grant a concession for the Floating Dock Company of St. Thomas, Limited, for the exploitation of an iron floating dock in St. Thomas Harbor for a period of 21 years, the said company is hereby given and granted the concession in question on the following specific conditions:

1. The iron floating dock which already lies in St. Thomas Harbor shall as heretofore have a length of at least 250 English feet, a breadth of at least 70 English feet internal measurement, and a capacity of 3,000 English tons.

2. The mooring place of the floating dock shall as hitherto be located at the large careening place in St. Thomas Harbor. The dock shall be moored as near to the shore as the depth will permit, and it must not lie in the way of ships which may go to or depart from the wharves in that part of the harbor.

The dredging or deepening operations at and near the mooring place of the floating dock may be undertaken by the company at its own expense, but can not be required by it to be done by the public.

3. The company shall be entitled to fix its own rules for the use of the floating dock and to determine the fees therefor. Just as it is understood as a matter of course that nothing shall be contained in these rules which might conflict with the rules prevailing at any time regarding the order and security of the harbor, so is it likewise true that the access to the utilization of the dock, with the exceptions enumerated below, shall be alike to the ships of all nations, and the rates shall be determined alone according to the character and size of the ships, in which connection the rules and rates shall be made publicly known.

Danish warships and mail ships of all nations shall at all times have the preference to utilize the dock before all other ships.

The company shall be at liberty to grant rebates or reductions in the usual rates for the use of the dock to companies or shipowners who own several ships and therefore use the dock more frequently.

4. If the company does not show any neglect in keeping the floating dock in a perfectly utilizable condition, the Government will not, within a period of twenty-one years from the date of this concession, permit the establishment of any other iron or wooden floating dock in St. Thomas Harbor or of any slip for ships of over 200 tons except the one already existing there, for the extension or alteration whereof the privilege of this company shall not constitute any hindrance.

If any defect should appear which would hinder the use of the floating dock in whole or in part the company shall be obliged to have such defect remedied as soon as possible, and the Government shall be at liberty in all such cases to require the company, on eight days' notice, to appoint an expert to render an opinion on the defect whereupon the Government shall appoint another expert to render a like opinion. The persons thus appointed shall have to give their opinion both regarding the character of the defects which have appeared, and regarding the length of time which, according to circumstances, will be required, and sufficient to remedy the defect. If they do not agree, they shall mutually select, if necessary by drawing lots, an umpire who shall decide the matter by siding with one of the first mentioned experts.

If the defect is not remedied before the expiration of the period fixed as above, and unless the company is able, on the basis of an opinion requested to be obtained by it under the conditions mentioned above, can prove that this fact is attributable to incalculable circumstances, the company's privilege shall be forfeited and the Government shall be authorized after that time to permit the establishment of other floating docks or slips in St. Thomas.

5. The company obligates itself toward the Danish Government not to remove the dock from the islands within the above-mentioned period unless it is proven that the dock has failed to yield any profit during three consecutive years.

If any exportation occurs, the dock shall pay the usual ship and harbor dues.

6. The company shall be considered to be domiciled in St. Thomas and shall be obliged at all times to have a representative actually domiciled there, who shall be authorized to represent the company in dealings with the Government. In all matters relating to the floating dock and whose settlement is not reserved to the Government under Article 7 of the concession, the company shall be amenable to the local courts of the place.

7. Furthermore, in all cases in which questions may arise regarding the interpretation of the wording and correct meaning of this concession the company shall be subject to the judgment or decision of the Government.

8. The company shall be obliged to have the present concession proclaimed by the Royal West Indian Superior Court and the St. Thomas township court within six weeks after date.

Government for the Danish West Indies, St. Thomas, March 12, 1897.

Under my hand and seal of the Government,

L. S. HEDEMANN,
SHULTZ

[Inclosure 3—Exhibit B—Translation]

Nos. 30 and 68

MINISTRY OF FINANCE,
Copenhagen, January 18, 1913.

In a letter dated the 6th instant the company among other things requested to have transferred to it the rights, granted to the consortium for the exploitation through drainage and deepening of an area within the harbor of the Danish West India island of St. Thomas, in the letters from the Ministry of Finance to the consortium of the 2d and 11th (cf. letter of October 14, last year).

In this connection it may be stated that the Ministry of Finance, in view of the fact, that it appears from the secretly adopted by-laws of the company (a copy of which is returned herewith, bearing the mark "Set. Colonies Central Administration, January 17, 1913, A. C. Schlichtkrull") that the company has its domicile at Copenhagen and that a majority of the members of the board of directors must have the rights of Danish citizenship, so that the conditions laid down in the aforementioned letters of the Ministry for the desired transfer of rights are fulfilled hereby permits the company to dam up the areas in St. Thomas Harbor which are marked in red on the plan which accompanied the aforementioned concession granted to the consortium on July 7th of last year, for the exploitation through drainage and deepening of an area within the harbor of the Danish West India Island of St. Thomas which plan is appended, so that when these land areas are reclaimed the company will acquire free and unrestricted ownership thereof, although the company, in so far as such ownership may conflict with private rights, will have to settle with the interested parties. The company shall likewise have exclusive right to utilize and exploit the basins constructed in conformity with the aforementioned plan. It may especially be remarked, that in consequence of the permit thus given, the company, will be entitled to charge wharfage stake money, and other similar dues against vessels who come alongside the wharves or otherwise make use of the basins. The wharfage dues shall be charged in accordance with rates established in advance, which rates shall be alike to all.

The company shall likewise be permitted to erect, on the land belonging to it, reservoirs for liquid fuel for ships, observing such reasonable safety measures against conflagration as the proper authority may deem necessary.

Pilotage and harbor dues (including ship dues) shall be paid to the harbor treasury by the ships which come to or utilize the harbor, wharf, mole and dock establishments which may be constructed by the company, to the same extent and according to the same rates as those prevailing at all times in the remainder of St. Thomas Harbor.

The police supervision over the aforementioned sea and land areas will evolve upon the local harbor police and the general police.

With respect to the application, made in the aforementioned letter of the company for duty free importation of all materials imported for the original installation in and about St. Thomas Harbor of the aforementioned establishments it may be remarked that, in the letter of the 8th instant, the Government for the West Indies Islands was authorized to lay before the colonial council for St. Thomas and St. Jan a proposal for the exemption from customs duties and ship dues of materials imported for establishments in and about St. Thomas Harbor, this proposal reading to the effect that the Government is authorized, for a period of ten years calculated from January 1, 1913, to grant exemption from customs duties and ship dues on all materials, including working implements and machinery which are imported to St. Thomas as an original installation there of establishments designed to provision or serve ships coming into the harbor, or which are otherwise calculated [to] further the navigation in the harbor.

N. NEERGAARD
C. DINES HANSEN*To The West India Company.*

[Inclosure 4—Exhibit C—Translation]

MINISTRY OF FINANCE,
Copenhagen, April 16, 1913.

The company having been informed, in the communication of the 10th instant, that there was no intention for the time being to give to any other than this company a permission to establish electric works on St. Thomas Island for the supply of needs beyond those of private individuals (including those of one company), and that there would not be given any such permit for such estab-

lishments until the company could have an opportunity to express itself on the subject, a communication was received on the 11th instant from the Government for the Danish West India Islands to the effect that, in view of an application from Diploma Engineer Ejnar Svendsen of Roskilde for permission to establish and operate an electric plant for the supply of light to the city of Charlotte Amalie under date of the 17th ultimo, it granted Mr. Svendsen the said permit on the recommendation of the building and street commission.

In order to prevent the occurrence the Government was informed by telegram on the 11th instant that no concessions must be issued until correspondence had been had with the Ministry of Finance, and thereupon, as far as concerns the plans, mentioned in the aforementioned letter of the Government under date of February 12, last, for the widening of the present area of St. Thomas Harbor by making Gregori and the two Gregori canals a part of the Harbor (which plans the company regards as a menace to its purposes and its future) a letter was written to the Government (as the company was already informed in the letter of the 10th instant) to the effect that, under the present circumstances, there will be no question of any steps toward extending the area of St. Thomas Harbor.

As we agree with the company that it would be unfortunate if its plans were crossed by foreign companies with foreign capital (cf. in this regard the proceedings in the Parliament concerning a law for the concession of various establishments in St. Thomas Harbor), we are willing to give a promise that, within a certain period within which the company will be asked for a proposal, and provided that the establishments of the company prove adequate to serve the expected increase of traffic, no other companies will be granted concessions for commercial, industrial or navigational establishments in St. Thomas Harbor.

N. NEERGAARD
C. DINES HANSEN

To The West Indian Company.

[Inclosure 5—Exhibit D (1)—Translation]

No. 834

MINISTRY OF FINANCE,
Copenhagen, July 16, 1915.

In connection with your letter of the 2d instant, we hereby transmit to you a concession prepared for you on this date by the Ministry of Finance for the establishment and operation of an electric plant in the city of Christiansted on the Island of St. Croix.

We will furthermore inform you that a letter has been written on this date to the Government for the Danish West India Islands to the effect that the Minister of Finance desires that your application, presented here and transmitted by the Ministry of Finance to the Government for authorization to carry out electric installations on St. Thomas Island may be granted.

With respect to the right to obtain current from the electric plant on St. Thomas Island erected by the West India Company we will refer to the accompanying copy of an agreement under date of August 14, 1914, between the commune of St. Thomas and St. Jan and the West India Company relating to the supply of the city of Charlotte Amalie with electric light.

An inclosure is returned herewith.

EDVARD BRANDES
C. DINES HANSEN

To the Diploma Engineer, Ejnar Svendsen.

[Subinclosure—Exhibit D (2)—Translation]

Concession to Diploma Engineer Ejnar Svendsen for the establishment and operation of an electric plant in the City of Christiansted, St. Croix

The Ministry of Finance hereby grants to Diploma Engineer Ejnar Svendsen a concession for the establishment and operation of an electric plant in the City of Christiansted, on the Island of St. Croix, for the supply of the city with electric light and for the establishment of the necessary overhead wires through the public streets and over the public squares.

The remaining specifications for the execution of the concession will be determined by the Government for the Danish West Indies.

EDVARD BRANDES (L. S.)
C. DINES HANSEN

MINISTRY OF FINANCE, July 16, 1915.

[Inclosure 6—Exhibit E—Translation]

THE COUNCIL OF THE DANISH WEST INDIAN NATIONAL BANK,
Copenhagen, February 3, 1910.

In a letter dated the 6th ultimo, the Ministry of Finance informed the bank council that the said Ministry is authorized to guarantee, on behalf of the Government Treasury, the punctual payment of the interest and redemption of a loan, amounting to 500,000 francs, which the harbor council of St. Thomas, on behalf of the harbor, intends to issue for the purpose of deepening the harbor, and that the harbor council, having concluded an agreement with an American engineer firm for the execution of the work has now authorized the Royal Ministry to conclude an agreement for a four per cent loan of 500,000 francs.

In connection herewith the aforementioned Ministry has inquired whether the Danish West Indian National Bank will be willing to furnish the harbor treasury, on the guarantee of the Government Treasury, a loan of the aforementioned amount, at 7% interest and redemption per annum, of which 4% per annum of the amount remaining at any time shall be interest and the remainder redemption, on condition that the loan shall be issued at a rate of at least 98% and payable in June term of this year.

In reply council will state that the said bank is willing to furnish the loan in question at a rate of 98%, on condition that the bank shall have delivered to it, for the loan and without expense to it, 500 partial bonds of 1,000 francs each to be issuable without stamps both to bearer and registered, and capable later on of being transferred likewise without stamps, to bearer or to an owner named. Another condition for the granting of the loan shall be that the bank shall not incur any expenditure in the way of stamp tax in connection with the loan. For the redemption of the coupons and bonds drawn, the harbor council shall pay for each interest period a commission of one-eighth per cent of the amount paid out.

We take the liberty of inclosing a proposed wording of the text of the partial bonds with their coupons.

F. R. NORDLIEN
R. STROM

To the Ministry of Finance.

[Inclosure 7—Exhibit F—Translation]

Law embodying an additional appropriation for the fiscal year from April 1, 1908, to March 31, 1909

AMALIENBORG, April 30, 1909.

We, Frederick VIII, by the grace of God King of Denmark, etc., hereby make known that the Parliament has passed and that we have sanctioned the following law:

I

As an addition to the receipts calculated in Chapter I of the appropriation law for the fiscal year 1908-1909, the following amounts, aggregating 4,245,193 Kr. 33 Ore., are appropriated being assigned to the proper [items?] in the appropriation law.

As a deduction from the above-mentioned receipts there are embodied the following amounts aggregating 70,476 Kr. 32 Ore, assigned to the proper items in the appropriation law.

As an addition to the expenditures embodied in Chapter I of the said appropriation law and which are chargeable in advance as a deduction from the receipts the following amounts, aggregating 5,622,707 Kr. 15 Ore., are appropriated and assigned to the proper items in the appropriation law.

To Section 2. (Surplus of receipts from public domains.)

To I. B. Expenses in connection with agriculture.

	Crowns
1. To b. 5. b. Building expenses (Main repairs and and new buildings)	7, 292.45
2. To b. As 8. Additional salaries pursuant to Law No. 78, of April 15, 1908	96.00
To 2 I. b. Expenses connected with forests and game:	
3. To 1 F. Fences, roads, and water mains	1, 200. 00
4. To 1 F. Salaries	916. 66
5. To 1 I. Building expenses	31, 671. 38
6. To 2. Jaegersborg Zoological Garden and Charlotte Grove	804. 00
7. As 8. Additional salary pursuant to law of April 15, 1908	1, 262. 00
	<hr/>
	43, 242. 49

To Sec. C. (Receipts from Government assets):

1 to 2. Surplus from the Greenland deal. The amount set down at	Crowns 12, 513. 33
2 to 2. Surplus from Usseørd Factory. The amount set down at	19, 579. 60
3 to 3. Surplus from Fredericksvaerk Powderworks. Amount set down at	3, 750. 00

According to which the main sum under 2 is set down at	35, 842. 93
4 to 3. Surplus from operation of Government rail-roads, etc. Amount set down at	3, 125, 770. 88
5 to 4. Surplus from Government ports, etc., amount set down at	9, 923. 02
	<hr/>
	3, 171, 536. 83

6 like 7. The Superintendent of the school for cottage industry and agriculture established at Borris, is granted exemption from interest for five years up to December 11, 1912, on the loan from the Government Treasury, amount to 600,000 Kr. furnished to the school in pursuance of Law 88, May 23, 1902 (sec. 4), in such a way that the first payment of interest on the loan is made on June 11, 1913, for the six months following December 11, 1912.

To Sec. 4 (Direct taxes)

1 to 2. Income and property tax to the Government in pursuance of Law No. 104 of May 15, 1903.

The following is added as a remark:

* * * * *

To Sec. 24 (Ministry of Finance):

26. to XI. B. The following is added as a remark:

The Ministry of Finance is authorized to guarantee on behalf of the Government Treasury, the punctual payment of interest and redemption on a loan of 500,000 francs, which the harbor council of St. Thomas intends to take on behalf of the Harbor for the purpose of deepening the latter.

[Inclosure 8—Exhibit G—Translation]

No. 149

MINISTRY OF FINANCE,
Copenhagen, August 6, 1910.

In a letter of February 3, last, the bank council stated that the Danish West Indian National Bank would be willing to furnish the harbor treasury of St. Thomas, on a guarantee of the Government Treasury, a loan of 500,000 francs with 7% per annum interest and redemption, of which 4% per annum of the amount remaining at any time should be interest, and the remained redemption, provided that the loan should be furnished at the rate of 98% and payable in June term of the year.

For the loan the bank council desired to have delivered to it, without expense to the bank, partial bonds (drawn up in accordance with a model transmitted at the same time) to the number of 500, at 1,000 francs each issuable without the use of stamps and reading both to bearer and registered in some name, being subject later on to transfer, likewise without stamps, to bearer or to an

owner named. The bank furthermore laid down the condition that the bank should not be charged any stamp tax in connection with the loan, and it stipulated that there should be paid by the harbor council a commission of one-eighth per cent of the amount paid out, for the redemption of coupons and bonds drawn at each period.

In this connection we will state that the Ministry of Finance accepts the aforementioned offer of the bank council, but with certain alterations in the model adopted by the bank council for the partial bonds and their coupons as will be seen from the inclosed printed model.

Before any further steps are taken in the matter we wish to ask the bank council for a declaration as to whether it can comply with the model inclosed. We will add that we desire to have the matter arranged in such a way that the partial bonds, after being provided here with the mark of the Government guarantee shall be transmitted to St. Thomas in order to be signed there by the harbor council as debtor, whereupon the amount of the loan will be raised in the Danish Indian National Bank in St. Thomas at the same time that the bonds are delivered.

From this date the interest due on December 11 of this year will be calculated, as appears from the coupon attached to the inclosed model of bond marked Number 1.

A. C. SCHLICHKRULL,
K. ESBENSEN

To the Council of the Danish West Indian Bank.

[Inclosure 9—Exhibit H—Translation]

COUNCIL OF THE DANISH WEST INDIAN NATIONAL BANK,
Copenhagen, August 13, 1910.

Having received a communication of the Ministry of Finance under date of the 6th instant, the bank council will state that it agrees to the conditions embodied in the communication for the furnishing of a loan of 500,000 francs to the harbor treasury of St. Thomas, including the wording of the text of the partial bonds and their coupons.

P. M. DAMM
NORDIEN

To the Ministry of Finance.

[Inclosure 10—Exhibit I—Translation]

Frcs. 1,000=Kr. 720

Nr. 335

ST. THOMAS HARBOUR 4% LOAN OF 1910 FOR FRANCS 500,000=KRONER 360,000

St. Thomas Harbour Board hereby makes known: that St. Thomas Harbour is indebted to the holder of this Bond for the sum of One thousand Francs=Seven hundred & twenty Kroner.

Against the total loan, amounting to Frcs. 500,000=Kr. 360,000, there have been issued 500 bonds, each for the sum of Frcs. 1,000=Kr. 720, with half-yearly interest coupons for the whole time to run of the loan, payable every 11' June and 11' December, the first coupon falling due the 11' December 1910 and including the interest from to-day's date. Coupons as well as drawn bonds, are payable at the National Bank of the Danish West Indies, St. Thomas, and at the National Bank in Copenhagen. The bonds are issued to bearer, but may, if desired, be registered in the books of the Harbour Board in the name of the owner and afterwards retransferred to bearer.

Of the original amount of the loan, a half-yearly interest of 2% will be made on the amount of the loan still owing, and the capital shall be redeemed in 21½ years, reckoned from the 11' December 1910 according to schedule overleaf. The interest will be paid against surrender of the respective coupon. The drawing of the bonds will be effected in St. Thomas by the notary public, not later than two months before the respective term of payment. A notification will be published as to bonds drawn, stating also numbers and amounts, as well as term of payment. All notices regarding the loan will be published in the *St. Thomas*

Tidende (*St. Thomas' Intelligence*) at St. Thomas and in *Berlingske Tidende* (*Berling's Intelligence*) in Copenhagen. On this bond being drawn, interest will cease to be allowed after the date it becomes redeemable. The total number of coupons for subsequent terms must be surrendered with the bond on redemption thereof, while missing coupons, if any, will be deducted from the face amount of the respective bond.

The Danish Government guarantees the payment of the principal amount as well as of the interest.

ST. THOMAS, DEN HAVNERAADET

According to the law Nr. 87 of the 30' April the guarantee of the Danish Government for the fulfilment of all responsibilities of this bond is hereby given.

N. NEERGAARD,
The Minister of Finance
(*The Director of the Public Debt*)

File No. 711.5914/52

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, March 30, 1916, 11 p. m.

230. Your 92, March 27, 5 p. m. The Minister for Foreign Affairs here is extremely afraid of publicity at present moment as rumors of a tension between us and Germany are growing stronger. Denmark, he says, does not desire to seem unfriendly to its near neighbor. He says, "it would not be advisable that the matter should become public at a time which would give reason for a misinterpretation of Denmark's motives." He asked that the matter be carried on normally until its finish and not unduly hastened and not brought to public notice before. This can be done without injury to Denmark.

EGAN

File No. 711.5914/57

Minister Egan to the Secretary of State

No. 917

AMERICAN LEGATION,
Copenhagen, April 10, 1916.

SIR: I have the honor, supplementing my telegraphic despatch No. 230 of March 30, 11 p. m., to report that further communication with the Foreign Office convinces me of the fact that the rumors of strained relations between the United States and Germany is the sole cause of the delay and that, as soon as I can overcome this fear, the negotiations will proceed smoothly. The Foreign Minister said:

My Government will submit a counter project as soon as possible and will expedite the negotiations. It is, however, impossible to sign the treaty without having discussed the details with the various Danish authorities interested. Moreover, the political situation is such that—though willing to do our utmost in the matter—we must be careful to choose the opportune moment for bringing the matter, which is closely connected with the general political situation, to the knowledge of the public without injuring Danish interests. On one side, the Danish Government, as far as it is concerned, deems it a favorable moment to carry out the plan while others interested are otherwise occupied, but, on the other side, there is or is said to be a tension between the United States and one of the belligerent powers whose feelings it is of importance for us to take into consideration.

I have [etc.]

MAURICE FRANCIS EGAN

File No. 711.5914/54

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, April 23, 1916, 11 a. m.

238. Danish *contre projet* on subject of islands received. Shall I cable synopsis?

EGAN

File No. 711.5914/54

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, April 24, 1916, 2 p. m.

99. Your 238, April 23, 11 a. m. Please cable complete Danish *contre proposition*.

LANSING

File No. 711.5914/56

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, April 27, 1916, 8 p. m.

240. Referring to your 99, April 24, 2 p. m. Following is the Foreign Office interpretation of the *contre projet* with its text:

The United States Government will be aware from previous negotiations respecting the questions now at issue that a cession of these islands which from olden times have belonged to the Danish Crown will only seem justifiable to Danish public opinion if the Danish public feel convinced that both the islands and their inhabitants will gain by the union with the United States, a great power in their vicinity, this position being preferable to a continued union with Denmark. This point of view manifested itself during the previous negotiations in the wish that the inhabitants of the islands might, through voting, be given an opportunity of expressing themselves respecting the contemplated cession. It is not impossible that this point of view will again be brought forward by the Danish Rigsdag.

It must therefore again be put forward as Danish *desiderata* that those of the inhabitants who may not make use of their right to retain their Danish citizenship within the limits especially prescribed by the cession of the islands shall obtain all the rights of which citizens of the United States are possessed.

Futhermore, the island should simultaneously with the cession be exempt from any customs duty in their commercial connection with the United States, or at least that at the time of the union with the United States the customs duties shall be considerably diminished and entirely abolished after a short period of transition.

The Danish Government has enumerated in Article II, Section 4, of the *contre projet* as accurately as possible the monopolies, franchises and concessions existing in the said islands, and they cannot

imagine that other claims or demands can be put forward from any side on account of the cession, but should such demand nevertheless be brought forward by any interested party who might feel that his rights had been violated on account of the cession, the King's Government must expressly insist that it shall not be possible on that account to bring forward any claim against the Danish Treasury. The administration of the islands have possibly granted certain concessions, for instance wharf space to different parties, such as the Hamburg-American Line and the Royal Mail.

As regards the public monies in the islands, it is taken for granted that the special purposes to which they may possibly be allotted will be respected by the United States.

It will be remarked that Article XI in the original American proposal is not found in the accompanying *contre projet* from the Danish Government. The Danish Government deem it most expedient that the acknowledgment on the part of the United States of the measures taken by the Danish Government in Greenland does not form part of the convention itself, but is made simultaneously with the signing of the convention in the form of a declaration from the United States. A draft for such declaration will be forwarded later.

It has further not been thought possible to include in the convention an article respecting the extension of the Danish-American commercial treaty to the Faroe Islands, Iceland and Greenland. As the Government of the United States will be aware, trading with Greenland is at present government monopoly and the extension of the Danish-American commercial treaty to the Faroe Islands and Iceland will necessitate a series of negotiations which among other things could be expected to delay the settlement of the proposed main object of the present convention.

The small differences which in reality exist between the original American proposal and the *contre projet* of the Danish Government will easily appear in comparing the two texts.

Full text follows.

Convention between His Majesty the King of Denmark and the United States of America respecting the cession of the Islands of Saint Thomas, Saint John and Sainte Croix in the West Indies.

His Majesty the King of Denmark and the United States of America, being desirous of confirming the good understanding which exists between them, have to that end appointed as Plenipotentiaries:

His Majesty the King of Denmark:

Mr. Constantin Brun, Grand Cross of Dannebrog and decorated with the cross of honor of the same order, His Majesty's Chamberlain and Envoy Extraordinary and Minister Plenipotentiary at Washington,

And the President of the United States:

Robert Lansing, Secretary of State of the United States,

Who, having mutually exhibited their full powers which were found to be in due form, have agreed upon the following articles:

ARTICLE I

His Majesty the King of Denmark by this convention cedes to the United States the Islands of Saint Thomas, Saint John and Sainte Croix in the West Indies together with the adjacent islands and rocks with all the sovereignty exercised or claimed therein by the Danish Government.

This cession includes the right of property in all public, government, or crown lands, buildings, wharves, ports, harbors, fortifications, barracks and all other public property and public means of every kind or description now belonging to the Danish Government together with all appurtenances thereto.

Any government archives, papers and documents relative to the islands ceded and the dominions of the same, which may now be existing there, shall pass by this cession, but an authenticated copy of such documents or papers as may be required shall at all times be given by the United States to the Danish Government or to such properly authorized Danish officers or subjects as may apply for them.

ARTICLE II

It is specially agreed, however, that:

(1) The arms and military stores existing in the islands at the time of the cession and belonging to the Danish Government shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it, unless they, or parts thereof, may have been bought by the Government of the United States; it being however understood that flags and colors, uniforms and such arms and baggage or military articles as are marked as being the property of the Danish Government shall not be included in such purchase.

(2) The movables, especially silver plate and pictures to be found in the Government buildings in the islands ceded and belonging to the Danish Government shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it.

(3) The pecuniary claims now held by Denmark against the colonial treasuries of the islands ceded are altogether extinguished in consequence of this cession and the United States assume no responsibility whatsoever for or in connection with these. Excepted is however the amount due to the Danish Treasury in account current with the West Indian colonial treasuries pursuant to the making up of accounts in consequence of the cession of the islands; should on the other hand this final accounting show a balance in favor of the West Indian colonial treasuries, the Danish Treasury shall pay that amount to the colonial treasuries.

(4) The United States will maintain the following grants, concessions and licenses, given by the Danish Government, in accordance with the terms on which they are given:

(A) The concession granted to "Det vestindiske Kompagni" (The West Indian Company), Limited, by the communications from the Ministry of Finance of January 18, 1913, and of April 16, 1913, relative to a license to embank, drain, deepen and utilize certain areas in Saint Thomas harbor and preferential rights as to commercial, industrial or shipping establishments in the said harbor.

(B) Agreement of August 10 and 14, 1914, between the Municipality of Saint Thomas and Saint John and "Det vestindiske Kompagni," Limited, relative to the supply of the city of Charlotte Amalie with electric lighting.

(C) Concession of March 12, 1897, to "The Floating Dock Company of Saint Thomas, Limited," subsequently transferred to "The Saint Thomas Engineering and Coaling Company, Limited," relative to a floating dock in Saint Thomas harbor, in which concession the maintenance, extension and alteration of the then existing repairing slip are reserved.

(D) Royal Decree No. 79 of November 30, 1914, relative to the subsidies from the colonial treasuries Saint Thomas and Sainte Croix to "The West India and Panama Telegraph Company, Limited."

(E) Concession of November 3, 1906, to K. B. Hey to establish and operate a telephone system on Saint Thomas Island, which concession has subsequently been transferred to the "Saint Thomas Telefonselskab," Limited.

(F) Concession of February 28, 1913, to the Municipality of Sainte Croix to establish and operate a telephone system in Sainte Croix.

(G) Concession of July 16, 1915, to Ejnar Svendsen, an engineer, for the construction and operation of an electric light plant in the city of Christiansted, Sainte Croix.

(H) Concession of June 20, 1904, for the establishment of a Danish West Indian bank of issue. This bank has for a period of thirty years acquired the monopoly to issue bank notes in the Danish West India Islands against the payment to the Danish Treasury of a tax amounting to ten per cent of its annual profits, such tax to be paid in Danish West Indian bills of credit in case the bank possesses such bills. It must however be observed that the Danish Treasury undertakes to redeem such Danish West Indian bills of credit as are in the possession of the bank.

(I) Guarantee according to the Danish supplementary budget law for the financial year 1908-1909 relative to the Saint Thomas harbors four per cent loan of 1910.

(J) According to a promise given provisionally in accordance with petitions from the following companies: "Det ostasiatiske Kompagni," Limited, and "Det kontinentale Syndikat Forpowlsen Radio Telegraf," Limited, there is reserved for each of these companies within a period of ten years from January 1, 1916, a right to establish and thereafter to operate, within the limits of the islands ceded, a radio telegraph station, in the case of the former for correspondence with vessels at sea and in the case of the latter for correspondence as well with ships at sea as with stations over the islands.

(5) Whatever sum shall be due to the Danish Treasury by individuals on the date of the exchange of ratifications are reserved and do not pass by this cession; and where the Danish Government at that date holds property taken over by the Danish Treasury for sums due by the private individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds within two years from the date of the exchange of ratifications of this Convention; the United States Government being entitled to sell by public auction, to the credit of the Danish Government, any portion of such property remaining unsold at the expiration of the said term of two years.

(6) The congregations belonging to the Danish National Church shall retain the undisturbed possession of the churches which are now used by them, together with the parsonages appertaining thereunto and all other appurtenances including the capitals allotted to churches.

(7) The colonial treasury continue to pay the yearly allowances now given to heretofore retired functionaries appointed in the islands but holding no royal palace commission, unless such allowances may have until now been paid in Denmark.

ARTICLE III

The Danish Government shall appoint with convenient despatch an agent or agents for the purpose of formally delivering to a similar agent or agents appointed on behalf of the United States, the territory, dominion, property and appurtenances which are ceded herewith, and for doing any other act which may be necessary in regard thereto. Formal delivery of the territory and property ceded shall be made immediately after the payment by the United States of the sum of money stipulated in this convention. Any Danish military or naval force which may be in the islands ceded shall be withdrawn as soon as may be practicable after the formal delivery, it being however understood that if the persons constituting these forces, after having terminated their Danish service, do not wish to leave the islands, they shall be allowed to remain there as civilians.

ARTICLE IV

In full consideration of the cession made by this convention, the United States agree to pay, within ninety days from the date of the exchange ratification of this convention in the city of Washington to the diplomatic representative or other agent of His Majesty the King of Denmark duly authorized to receive the money, the sum of twenty-five million dollars in gold coin of the United States.

ARTICLE V

Danish citizens residing in said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the rights to sell or dispose of such property or its proceeds; in case they remain in the islands, they shall continue until otherwise provided, to enjoy all the private, municipal and religious rights and liberties secured to them by the laws now in force. If the present laws are altered, the said inhabitants shall not thereby be placed in a less favorable condition in respect to the above mentioned rights and liberties (than they?) now enjoy. Those, who remain in the islands may preserve their citizenship in Denmark by making before a court of record, within one year from the date of the exchange of ratifications of this convention, a declaration of their decision to preserve such citizenship; in default of which declaration they shall be held to have renounced it, and to have accepted citizenship in the United States; for children under eighteen years the said declaration may be made by their parents or guardians. Such election of Danish citizenship shall however not, after the lapse of the said term of one year, be a bar to their renunciation of their preserved Danish citizenship and their election of citizenship in

the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States, for other inhabitants of the islands.

The civil rights and the political status of the inhabitants of the islands shall be determined by the Congress, subject to approval stipulations contained in the present convention.

Danish citizens not residing in the islands but owning property therein at the time of the cession, shall retain their rights of property, including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish citizens residing in the islands and remaining therein or removing therefrom to whom the first paragraph of this article relates.

The rights of property, secured by copyrights and patents acquired by Danish citizens in the islands ceded at the time of exchange of the ratifications of this convention, shall be maintained.

ARTICLE VI

Judicial proceedings pending at the time of the formal delivery in the islands ceded shall be determined according to the following rules:

(1) Judgments rendered either in civil suits between private individuals, or in criminal matters, before the date mentioned, and with respect to which there is no recourse or right to review under Danish law, shall be deemed to be final, and shall be executed in due form and without any renewed trial whatsoever by the competent authority in the territories within which such judgments should be carried out.

The same rule is applicable to such extrajudicial agreements in civil matters as according to the law hitherto in force, are to be exacted (are exigible), without foregoing procedure.

If in a criminal case a mode of punishment has been applied which according to new rules is no longer applicable on the islands ceded after delivery, the nearest corresponding punishment in the new rules shall be applied, or, if the Danish Government should so desire, the punishment shall be undergone in Denmark.

(2) Civil suits or criminal actions pending before the first courts in which the pleadings have not been closed at the same time, shall be confirmed before the tribunals established in the ceded islands after the delivery in accordance with the law which shall thereafter be in force.

(3) Civil suits and criminal actions pending at the said time before the superior court or the supreme court in Denmark or which are subsequently brought before these courts against persons from the islands ceded by this convention, shall continue to be prosecuted before the Danish courts until final judgment according to the law hitherto in force. The judgment shall be executed according to the rules stipulated in paragraph number 1 of this article.

ARTICLE VII

Treaties, conventions and all other international agreements of any nature existing between Denmark and the United States shall *eo ipso* extend, in default of a provision to the contrary, also to the ceded islands.

ARTICLE VIII

In case of differences of opinion arising between the high contracting parties in regard to the interpretation or application of this convention, such differences, if they cannot be regulated through diplomatic negotiations, shall be submitted for arbitration to the Permanent Court of Arbitration at The Hague.

ARTICLE IX

The ratification of the treaty will be exchanged at Washington as soon as possible after ratification by both of the high contracting parties according to their respective procedure.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the Danish and English languages.

Done at Washington

EGAN

File No. 711.5914/59

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, May 23, 1916, noon.

107. Referring to the Legation's despatch number 317 of April 10, 1916. The Minister for Foreign Affairs thinks that the time is propitious for presenting the question of the islands here. He believes that the Government of the United States will not object to the Danish Government's extending their political and economic interests to the whole of Greenland.

EGAN

File No. 711.5914/59

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, June 9, 1916, noon.

110. Your 107, May 23, and 240, April 27. This Government regrets that it cannot favor submitting the question of transfer of the islands to a vote of the inhabitants.

We can not guarantee that the inhabitants of the islands shall immediately have all the rights of American citizens. Full citizenship has not been accorded as yet to Porto Ricans, though the present Congress has the matter under consideration. Danish West Indians, however, will be regarded as nationals of the United States and entitled to its full protection, and will receive every possible political liberty.

The question of exemption of the islands from customs duties lies with the Congress, and this Government therefore can not give guarantees as to tariffs on goods passing between the islands and the United States. I have no doubt, however, that every facility for the rejuvenation of the commerce of the islands will be accorded them, as has been the case with the present insular possessions of the United States.

As to concessions and grants, this Government can undertake to assume obligations only in regard to such as may be mentioned in the treaty under negotiation. If the Danish Government believes that other concessions have been granted in the islands, it should satisfy itself as to what concessions they are and promptly notify this Government. I look to the Danish Government to inform this Government as to the particulars of any further concessions which may be in existence, for I cannot assure the maintenance of concessions or grants that have not been brought to my attention prior to the signature of the treaty and I cannot present to the Senate, with hope of obtaining its approval, a treaty that is indefinite in the obligations which it imposes on the United States.

It is not the intention of the United States to interfere unnecessarily with the internal administration of the islands, and therefore it may be presumed that the public moneys in the islands that have

been allotted for special purposes will be respected by the United States in so far as this is compatible with the necessary changes consequent upon a transfer of sovereignty.

The following refers to proposed changes in the text of the treaty, to which I have given consideration with great care and in the most liberal spirit.

ARTICLE I, United States Text

Article I of American text should in general be retained, as the cession in the Danish text does not appear to be so unreserved and complete as that in the United States text. Only a full unreserved statement of the cession will save the provision from criticism here.

Paragraph 3 of the Danish text is objectionable because the duty to preserve valuable documents is omitted, because reference to documents which may be in Denmark is omitted and because the right to authenticated copies is not made reciprocal. The United States text is based on the similar provision in the treaty with Spain of 1898.

ARTICLE II, United States Text

I think Article II should be retained as I do not believe there is any hope of the treaty receiving the approval of the Senate if any doubt as to possible concessions, grants, privileges, etc., exists. I have no objection to the last sentence of Article II, United States text, regarding the Danish national church, as changed in Article II, Paragraph 6 of the Danish text, but I think the proper position for the provision is in Article II of the United States text.

ARTICLE III, United States Text

Paragraphs numbered 1, 2 and 3, of Danish text are accepted.

As to paragraph 4 of Danish text I have not been furnished with the original documents and accompanying maps of the concession of July 7, 1912, to the West India Company relative to the improvement of St. Thomas Harbor, as requested in my telegram No. 88 of March 13. The letter of January 18, 1913, does not seem to be the original grant. Moreover, it intimates that a decree has been drafted exempting the company from customs duties and harbor dues on all materials imported for its works for the years from January 1, 1913. I should be furnished with this decree if any has been issued, or with a formal statement that none has been issued. I should also be furnished with the original concession, together with the maps referred to and any other documents affecting the right of the company. The concession to the West Indian Bank of Issue is set forth in some detail in Paragraph 4 (h) of the Danish text. I do not understand the necessity for this, in view of the fact that it is not done in the other concessions mentioned.

Paragraph 4 (J) of the Danish text should be omitted. I am surprised that since the beginning of negotiations the Danish Government has felt free to promise new concessions regarding which no mention has been made in reply to my formal request of the Danish Minister here on January 29 for a complete statement of all concessions and grants made in the islands. I can not favor a radio concession in the islands, because the policy of this Government is not only opposed to monopolies, but against absolute individual control of radio stations within its territory, and because stations on these islands might seriously interfere with the operation of those in and adjacent to the Panama Canal Zone.

Paragraph 4 of the United States text should be retained as it occurs in the previous treaties and as the United States can not consider undertaking responsibilities in regard to the sugar boileries until they are fully known to it.

I accept paragraphs numbered 5, 6 and 7 of the Danish text.

ARTICLE IV, United States Text

I wish to retain the sentence "But the cession of the right of immediate possession is nevertheless to be deemed complete on the exchange of the ratifications of this convention without such formal delivery." This clause completes the cession without the formality of delivery, which might be prevented by some untoward cause.

ARTICLE V, United States Text

I have no objection to the insertion of ninety days instead of six months.

ARTICLE VI, United States Text

I have modified the first sentence to read as follows:

"Danish citizens, whether or not residing in the territory ceded, shall retain in either event all their rights of property, including the right to sell or dispose of such property or its proceeds, and the right to carry on their industry, commerce and professions; being subject in respect to these rights to such laws as are applicable to other foreigners; in case they remain in the islands they shall continue, until otherwise provided, to enjoy all the private, municipal and religious rights and liberties secured to them by the laws now in force."

I accept the remainder of the Danish text omitting "If the present laws are altered the said inhabitants shall not thereby be placed in a less favorable position in respect to the above-mentioned rights and liberties than they now enjoy." And omitting "Subject to approval stipulations contained in the present convention." And omitting paragraph beginning "Danish citizens not residing" and ending "This article relates," as this paragraph is now covered by the changes suggested in the first sentence. The final paragraph regarding copyrights and patents should, it seems to me, form a separate article, as is customary in other treaties.

ARTICLE VII, United States Text

This article relating to privileges of Danish subjects in the islands may be omitted, as indicated in Danish text.

ARTICLE VIII, United States Text

I suggest the following omissions: "The same rule is applicable, etc., without foregoing procedure"; "Or if the Danish Government should so desire punishment shall be undergone in Denmark"; and "Or which are subsequently brought before these courts against persons from the islands ceded by this convention." I suggest that the final sentence be changed to read: "The judgment shall be executed in due form by the competent authority in the territories within which such judgment should be carried out." This corresponds with the reading of last part of paragraph numbered 1.

ARTICLE IX, United States Text

As indicated above, I should prefer to see this article retained as a separate article. I prefer, however, my reading of the last words, namely, "Shall continue to be respected."

ARTICLE X, United States Text

I agree to the substitution of Article VII of the Danish text.

ARTICLE XI, United States Text

I agree to omission of entire article, and will address a formal note regarding Greenland to the Danish Minister here at the date of signature of the treaty in the sense of the first sentence of this article.

ARTICLE VIII, Danish Text

I accept this article.

Please go over with the foreign Minister the proposed changes and endeavor to obtain his prompt agreement to them. I have endeavored to retain the thought of the Danish text except where it threw upon this Government responsibilities which it can not assume or guarantee to carry out if it should assume them, as the ultimate decision in regard to some of them rests, as I have pointed out, with the Congress of the United States, for which body I can not undertake to speak.

LANSING

File No. 711.5914/62

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, June 29, 1916, 4 p. m.

267. Referring to the Department's 110, June 9, noon. As it seemed dangerous that I should depend on my memory for the results of conference with Minister for Foreign Affairs, I have had the suggestions of the Foreign Office reduced to writing. I will send the document in two sections.

The Danish Government beg to call attention to the fact that in their absolute opinion the secrecy respecting the whole of the matter upon which both sides have agreed should be strictly maintained until the case can be laid before the Danish Rigsdag and the Congress of the United States.

EGAN

File No. 711.5914/63

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, June 30, 1916, 4 p. m.

268. Continuation of our 267, June 29, 4 p. m. The Danish Government have now drafted a new counterproject for a convention respecting the transfer of the Danish West Indian Islands, in which to the greatest possible extent regard has been taken to the original draft of the United States Government in connection with the Danish proposals which have been accepted by the said Government.

The Danish Government waive the claim that the convention should be made dependent on the vote of the inhabitants on the islands ceded, and they further waive their claim that by the convention itself the inhabitants should immediately be guaranteed full American citizenship and exemption from customs duties in the commercial intercourse with the United States.

The Danish Government have noted with satisfaction the statement of the United States Government that every facility for the rejuvenation of the commerce of the islands will be given them, such as has been the case with the present insular possessions of the United States, and the Danish Government, therefore, take it for granted that the inhabitants of the islands, in the intervening period, until the above-mentioned rights to their full extent can be granted to them, will at least obtain the same privileges in this respect as the inhabitants of other similar territories within the Union.

Finally, the Danish Government expressly state that they have not given any other concessions, grants, etc., on the isles than those which have already been communicated to the United States Government and they have in the new counterproject reinserted Article II of the original draft of the United States. Respecting the different articles in the new counterproject, the following is remarked:

Article I is equal to Article I in the original draft of the United States.

Article II is equal to Article II in the United States original draft, the third sentence having, however, been worded in the form accepted by the United States Government.

Article III is equal to Article II in the first Danish counterproject to such extent as it has been accepted by the United States Government.

The further particulars desired by the United States Government respecting paragraph four are enclosed herewith:

1. The original concession of the seventh of July, 1912, with the accompanying map;

2. Public notice of thirty-first of January, 1913, respecting the annulment of the original concession, and;

3. Decree of the first of April, 1913, exempting from customs and ships' dues materials imported for works in Saint Thomas Harbor.

The stipulation contained in Article III, paragraph 4, of the United States original draft has become superfluous by the enclosed law number 68 of the 24th of April, 1903, respecting Sainte Croix Fallessukkerkogerier, which expressly states that at the fulfilment of the agreement mentioned in the law the shareholders in the Sainte Croix Fallessukkerkogerier have been fully satisfied in respect to all claims, including all claims against the Saint Thomas colonial treasury on account of the interest guarantee incumbent on the said treasury in virtue of the Royal West Indian decree of the 16th of June, 1876.

Respecting the bills of credit mentioned in section H in the Danish counterproject, part of which has now been left out, the following is remarked:

Formerly Danish West Indian bills of credit, issued by the Danish Treasury, which bore no interest, circulated in the Danish West Indian Islands.

These bills of credit were issued in virtue of a Royal decree of the 4th of April 1849. They were only in the Danish West Indian Colonies valid at their face value, so that they should be received in the paying offices in the islands as ready money and payment. They were unredeemable, were not legal tender, but were received without the compulsion of the law between man and man.

When on the 20th of June 1904 the Minister of Finance in virtue of the law of the 29th of March 1904, gave a concession for the establishment of a Danish West Indian Bank of Issue, which for a period of thirty years has the monopoly to issue in the islands notes which are redeemable at bearer's request with gold coin and which in all public paying offices shall be accepted as legal tender, a promise was given to the Bank in virtue of Article VI in the said concession that the Danish West Indian bills of credit should be recalled with preclusive effect within a certain term not shorter than one year. This took place in this manner, that the term expired at the end of the month of April 1907, (see public notice number 6 of the 5th of March 1906). The Bank was bound to redeem the bills of credit with the Bank's own notes and was not allowed to put then in circulation again. On the other hand the Bank has a right to use the bills in payment of its yearly tax to the Danish Treasury. This tax will now in virtue of the convention pass to the United States, but the Danish Treasury will undertake to redeem the bills of credit redeemed by the Bank, and which, according to the Bank's monthly balance of the 31st of March 1916, amounts to 442,610 Fr.

In Article IV the sentence "but the cession, etc.," to "formal delivery" has been reinserted. It is, however, the desire of the Danish Government that formal delivery shall take place but it may take place without delay in accordance with a telegraphic instruction to the Governor from the Danish Government.

Article V is equal to Article V in the United States original draft with the alteration accepted by the United States.

Article VI is equal to Article V in the first Danish counterproject with the exception of the last paragraph. This is the only point where the Danish Government have not seen their way to accept the proposals of the United States Government. The Danish wording is in strict conformity with Article III in the prior convention of the 24th of January 1902 with the exception that the period of option, in conformity with the proposal of the United States Government, has been shortened to one year, and that a stipulation has been added respecting the deposit of the declaration of option for children under eighteen years.

During the negotiations which were conducted between the two Governments prior to the Convention of the 24th of April 1902 the reasons which made Article VI in the United States draft unacceptable to the Danish Government were so fully stated that it would be unnecessary to repeat them here. These reasons being still valid, in view of the fact that American citizenship has not been guaranteed to the inhabitants of the islands through the convention, that the Danish Government are not in possession of the necessary material to form an accurate judgment of how the legal status of the inhabitants will be after the transfer, and that by Article VI the inhabitants are not even given as favorable

a legal status as secured to them by Article II in the Danish-American Convention of Commerce of the 26th of April 1826, the Danish Government, therefore, hope that the United States Government also now will appreciate the weight of these reasons and will accept a wording which they have already accepted on the prior occasion.

Article VII is equal to Article VII in the United States original draft.

Article VIII is equal to Article VIII in the United States original draft with the modifications accepted by them in the first Danish counterproject's Article VI.

Article IX is equal to Article IX in the United States original draft..

Article X is equal to Article VII in the first Danish counterproject accepted by the United States Government.

Article XI is equal to Article VIII in the first Danish counterproject accepted by the United States Government.

Respecting Greenland the United States will at the date of the signature of the convention give a declaration in conformity with the draft previously submitted to the United States Government by the Danish Government.

The Danish Government finally beg to recall to the memory of the United States Government the promise given to the Danish Minister at Washington by the American Secretary of State to the effect that they would interest American capital in the islands to release private Danish monetary interests.

The new counterproject drafted in conformity with the above has been sent to the Danish Minister at Washington in the Danish and English languages. The Danish Government agree with the United States Government that the present moment would be opportune for the conclusion of this convention, and should the United States Government be able to accept the draft now submitted, it will be possible to give the Danish Minister at Washington telegraphic powers in the course of eight days to sign the convention in the name of the Danish Government together with the American plenipotentiary.

Copenhagen, the 28th of June, 1916.

EGAN

File No. 711.5914/70

Minister Egan to the Secretary of State

No. 937

AMERICAN LEGATION,
Copenhagen, July 4, 1916.

SIR: With reference to the request made in the Department's telegraphic instruction No. 110 of June 9, 12 noon, for copies of the concessions granted in the Danish West Indies, I have the honor to state that the enclosed copies were forwarded to me by the Foreign Office at the same time as the written result of the conversation, which I cabled to you in two sections on June 29, 1916, as telegram No. 267.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure 1—Translation]

Proclamation relative to the granting of a concession for the utilization, through drainage and deepening, of an area within the harbor on the Danish West India Island of St. Thomas.

On the recommendation of the Minister of Finance it has pleased His Majesty the King, by supreme resolution of the 7th instant, to grant to a consortium consisting of: Counselor of State and Administrative Director for the East India Company H. N. Andersen, S. K. of D. and Dm.; Captain and Administrative Director for the United Steamship Company C. M. T. Cold, K. of D. and Dm.; Counselor of State and Director for the Danish Farmers' Bank and Mortgage and Exchange Bank of Copenhagen, E. R. Glückstadt, R. of D.; Wholesaler and Manufacturer Holger Petersen, K. of D. and Dm.; and Chamberlain and Vice Admiral A. du P. de Richelieu, S. K. of D. and Dm., with the East India Company as manager, the following concession for the utilization, through drainage and deepening, of an area within the harbor on the Danish West India Island of St. Thomas:

We Christian Tenth, by the grace of God King of Denmark, etc., hereby make known that, in compliance with a petition for the purpose, and in accordance with Law No. 113 of May 25, 1912, We have granted to a consortium consisting of: Counselor of State and Administrative Director for the East India Company H. N. Andersen, S. K. of D. and Dm.; Captain and Administrative Director for the United Steamship Company C. M. T. Cold, K. of D. and Dm.; Counselor of State and Director for the Danish Farmers' Bank and Mortgage and Exchange Bank of Copenhagen E. R. Gluckstadt, R. of D.; Wholesaler and Manufacturer Holger Petersen, K. of D. and Dm.; and Chamberlain and Vice Admiral A. du P. de Richelieu, S. K. of D. and Dm., with the East India Company as manager, the following concession for the utilization, through drainage and deepening, of an area within the harbor on the Danish West India Island of St. Thomas:

1. The concessioner shall be entitled to dam in the areas in St. Thomas harbor marked in red on the accompanying plan, and, after these areas have been reclaimed, he shall have free and unrestricted right of ownership over them, though he shall be obliged to reach a settlement with the interested parties in case such right of ownership should conflict with the rights of private parties.

However, the Ministry of Finance will be ready, if necessary, to undertake, in accordance with 75 of the Colonial Law, to have such rights expropriated for the benefit of the concessioner, on condition that the latter shall give full compensation therefor.

In consequence thereof he shall be entitled to charge:

- a. Wharfage from the ships which anchor within the dammed-in areas.
- b. A fee for the use of warehouses and storage rooms.
- c. A fee for handling goods arriving and shipped away.

He shall be permitted to utilize the area as owner according to the laws and regulations in force.

Wharfage shall be collected according to rates determined in advance by the concessioner, and shall be alike to all.

2. The concessioner shall have a right to construct a mole from St. Thomas Island across Prince Rupert's Rocks, as described more accurately on the accompanying plan, and, after this mole has been completed, to utilize not only it but also Prince Rupert's Rocks themselves in the same manner and with the same rights as the new land areas mentioned under 1.

3. The concessioner shall have a right to deepen the harbor on the areas marked in blue on the accompanying plan, and, when this deepening work is completed, he shall have the exclusive right to use the basin constructed there in accordance with the plan.

In consequence hereof he shall be entitled, among other things, also to collect stake money and other similar charges from ships using these basins.

It shall not be permissible, immediately outside the basins, on the area thus deepened by the concessioner, for ships to anchor or maneuver in such a way as to hinder the passage of vessels to or from or their anchorage in said basins.

It may be further remarked that the police supervision over the sea and land areas included within the present concession shall devolve upon the local harbor police and the general police.

4. The concessioner shall further have a right to construct and operate one or more appropriate stationary or floating docks, at a suitable place within the part of St. Thomas harbor reserved to him in the present concession or at such other place in the harbor as the Minister of Finance may approve. However, the floating dock rights belonging to the St. Thomas Dock, Engineering & Coal-ing Company, Ltd., which is operating for the time in the harbor, shall be maintained until the expiration of its concession.

The dock or docks of the concessioner shall not be situated in such a manner as to impede the general navigation in the harbor, in which connection the approval of the construction by the Ministry of Finance shall be obtained.

No careening dues or other special dues for the use of such dock or docks shall be payable to the harbor treasury or to any other public treasury, and the concessioner himself shall be allowed to determine what dues he will charge for the utilization thereof.

As long as the concession remains in force and the docks are kept in operation, no permit shall be given to construct or operate any other stationary or floating dock within West Indian territory; however, if the reservation made above with respect to the floating dock operating for the time in the harbor.

5. As long as the present concession is in force, no other concession or permit shall be granted on or at St. Thomas or St. John for harbor works which can be used in competition with the harbor works constructed by the present concessioner, though it may be remarked in this connection that this provision shall not

constitute a hindrance to the free utilization and possible extension of the wharves existing in St. Thomas harbor at the time of the granting of this concession, just as it shall not interfere with any harbor or wharf constructions that may be executed for the use of ships belonging to or chartered by the owner or renter of the wharf.

Neither shall the present provision impede the establishment of competitive activity for which no special concession is required from the Government.

6. The concessioner shall have a right to erect tanks on his land area for liquid fuel for ships, but must take such reasonable safety measures against fire as the competent authority may deem necessary (cf. 12).

7. The concessioner shall have the exclusive right on and at St. Thomas to establish and operate an electric light and power plant, a refrigerating plant, water works, and street car power house, provided such establishments serve more than the needs of one individual (including a joint-stock company).

However, this exclusive right shall not interfere with the operation of already existing establishments, nor may it be invoked when the concessioner, after having an opportunity to express himself on the matter, fails to declare his willingness to construct the works in question on such a scale as the Ministry of Finance may deem necessary and within a reasonable period to be set by the Ministry of Finance.

8. If the concessioner deems that the existing lights are not adequate, he shall be free to construct and operate other lights, subject to the approval of the Ministry of Finance, and he shall then be entitled to collect lighthouse charges, subject to the approval of the Ministry of Finance, from all ships entering the harbor.

9. Pilotage and harbor dues (including "ship" dues) shall be paid into the harbor treasury by ships which approach or utilize the new harbor, wharf, mole, and docking facilities dealt with in the present concession, to the same extent and at the same rates as in the present harbor of St. Thomas. The present rates of these dues shall not be subject to increase without the consent of the concessioner.

10. The concessioner undertakes, if so required by the Ministry of Finance, to attend to the pilotage service throughout the harbor according to rules and at rates approved by the Ministry of Finance, in which connection it may be remarked that the masters of vessels shall not be obliged to utilize pilots or to pay pilotage when pilots are not utilized.

As long as this obligation rests upon the concessioner, no other shall be allowed to furnish pilots in the harbor.

11. The concessioner shall have the exclusive right to establish and operate a wireless telegraph on St. Thomas in accordance with the regulations contained in decree No. 8 of April 18, 1910, on telegrams (including wireless or radio telegrams) on the Danish West India Islands, and with further rules approved by the Ministry of Finance.

However, this exclusive right can not be invoked unless the concessioner operates a wireless telegraph open to traffic on St. Thomas within a reasonable period to be set by the Ministry of Finance.

As long as the concession is in force and such a wireless telegraph is in operation, no other permits shall be given to establish and operate any wireless telegraph plant in St. Thomas or St. John.

The wireless telegraph station shall be open to the use of the public, and the rates for such public use shall be submitted to the Ministry of Finance for approval.

12. The concessioner shall be subject in every respect to the law prevailing in St. Thomas, and he must govern himself according to the rules prescribed by the lawful authorities in St. Thomas.

Before the enterprises mentioned in the concession are begun, plans and drawings must be approved by the Ministry of Finance.

13. With respect to quarantine matters in St. Thomas harbor the Government promises the concessioner that it will regulate them in accordance with rules prevailing in the harbors of the world in general and in such a way that no unnecessary hindrances shall be placed in the way of navigation in the harbor from the standpoint of the quarantine service.

14. The concessioner shall have an opportunity, upon acquiring the usual licence, to engage in commerce on and from St. Thomas on the same conditions as prevail in general with respect to the commercial activity of private individuals or joint-stock companies.

With regard to taxation he shall be subject to the general rules of the place.

15. The concessioner shall be granted duty-free importation of all materials imported for the original installation, in and about the harbor, of the works belonging under the present concession.

16. The present concession shall become void if the concessioner has failed, within a period to be determined by the Ministry of Finance, to take the necessary steps to establish the works sketched on the accompanying plan in and about "Long Bay" on St. Thomas, though the concessioner shall have a right to undertake this work in different sections, in such a way that the completion of the work sketched on the plan under "A", or some other section of the whole harbor-deepening plan which is suitable in the judgment of the Ministry of Finance, shall, before the expiration of the period set, be sufficient for the maintenance of the concession, and it shall depend on the judgment of the concessioner when and to what extent the other works sketched shall be executed.

17. The concession is given for a period of 99 years from the date of its issuance. However, after the expiration of 60 years from the time when, in accordance with the latter part of 16, the first part of the establishments is completed, the Danish Government or the harbor council of St. Thomas shall have a right to buy from the concessioner all his harbor and dock establishments in St. Thomas, including property such as the area reclaimed from the harbor, together with the wharves, machinery, warehouses, and other buildings, docks, and materials, as well as all other works constructed by him in accordance with the present concession. However, the right shall be subject to the condition that the Danish Government or the harbor council of St. Thomas shall give the concessioner notice, at least one year in advance, of its intention to avail itself of this right.

If the Danish Government or the harbor council of St. Thomas fails to avail itself of the said right of taking over the works by the 60th year from the date on which, in accordance with the final part of 16, the first part of the works is completed, the same right to take over the works shall belong to the Danish Government or the St. Thomas harbor council at the 70th, 80th, or 90th year calculated from the same date as the aforementioned 60th year. The taking over of the works shall be subject in these cases also to the condition that the Danish Government or the St. Thomas harbor council shall give notice to the concessioner at least one year in advance that it intends to utilize the right.

Upon the expiration of the concession the same right to take over the works shall belong to the Danish Government or the St. Thomas harbor council.

This right of preemption or purchase on the part of the Danish Government or the St. Thomas harbor council shall be subject to the condition that the concessioner shall be paid a price based on the appraisement of impartial persons for all the harbor and dock establishments belonging to the concessioner in St. Thomas, and, if he has failed to earn 5% interest on his invested capital during the ten years next preceding the taking over of the works, there shall be added a sum equivalent to the amount lacking, provided it can not be covered from the reserve fund saved. The appraisement shall be based on the amount which it is considered the property would, at the time of purchase, cost new, making due allowance for deterioration and age. If the concession has been transferred to a joint-stock company, the latter may choose to determine the rate at which the shares have been quoted on an average in the stock exchange at Copenhagen during the last ten years. The average for each year shall be obtained by taking $\frac{1}{12}$ of the sum of the averages of each month's highest and lowest quotations. However, the stockholders must not in any event insist on the purchase being made at a rate exceeding 125 crowns per 100 crowns.

If the parties are unable to agree on the selection of the impartial persons, of whom there shall be an odd number, they shall be appointed by the court.

If any of the companies or persons who utilize any part of the present concession become bankrupt, the Danish Government or the St. Thomas harbor council shall have a right to immediately take over the establishments of the company or persons concerned, together with all rights connected therewith, on the condition set forth in the 4th paragraph of the present section, unless the concessioner wishes to take them over himself.

18. The concessioner shall have his domicile and venue in the Danish West India Islands or in the mother country, in the latter place at the royal superior court and the inferior court at Copenhagen, or at such court as may at the time be considered competent as a court of first instance.

19. A majority of the members of the consortium, if the concessioner is such, and a majority of the board of directors of the joint-stock company if the concessioner is such, shall be persons possessing the rights of Danish citizenship.

20. With respect to the enterprises dealt with in this concession, regardless of the party by whom they are operated, it shall be a condition precedent that

additions to the reserve fund and payments from the capital stock for plants, establishments, machinery, and equipment shall be made according to general commercial rules.

A copy of each of the annual reports and accounts of the various enterprises shall be sent in to the Ministry of Finance.

21. The present concession shall not be transferred to another person without the consent of the Ministry of Finance. The consent of the Ministry of Finance shall likewise be required in order that the harbor works or parts thereof may be transferred to another person.

Even if a part of the enterprise passes into other hands, the concessioner shall nevertheless continue to be responsible to the Ministry of Finance for the observance of the concession as a whole.

22. If the concessioner should fail essentially to fulfill the obligations resting upon him in accordance with the present concession, the latter may be declared forfeited by judicial decree at the instance of the Minister of Finance.

23. All questions arising in connection with the interpretation of the present concession shall be settled by the Minister of Finance.

However, the concessioner shall in all cases be at liberty to appeal from the decisions of the Minister of Finance before the common courts, but until such decisions are reversed by the courts they must be followed.

Addition to the foregoing concession.

It is being sought by law to abolish the import duties in St. Thomas and St. John. However, the Ministry of Finance must reserve the right, if it should be found that St. Thomas and St. John communes are unable to cover a deficit from the ordinary revenues, to prescribe in accordance with 56 of the Colonial Law No. 124 for the Danish West Indies of April 6, 1906, that the deficit shall be covered by a temporary proportionate restoration of the abolished import duties.

In compensation for the privileges granted to the concessioner under 9 of the concession and the present additional concession, he hereby undertakes, during the first ten years after a law abolishing the import duties has gone into force, to pay into the St. Thomas and St. John colonial treasury $33\frac{1}{3}\%$ of the wharfage dues collected by him. Besides, the concessioner shall make a deposit of 500,000 francs, from which the aforesaid colonial treasury shall be entitled, within the aforesaid period of ten years, to take annually an amount equal to the difference between the aforementioned $33\frac{1}{3}\%$ of the wharfage dues collected and 100,000 francs annually.

What the concessioner has thus furnished from the said deposit shall be paid back to him by the St. Thomas and St. John commune whenever, after the expiration of the said ten years, the annual ship (harbor) dues shall exceed 300,000 francs, in such a way that half of the surplus shall be paid annually, until the amount taken from the said deposit (which shall not draw interest) is paid back.

Let all interested parties be governed accordingly.

Given at AMALIENBORG, July 7, 1912.

Under our royal hand and seal.

CHRISTIAN R. (L. S.)

N. NEERGAARD

All of which is hereby brought to public knowledge.

Ministry of Finance, July 9, 1912.

N. NEERGAARD

C. DINES HANSEN

[Inclosure 2—Translation]

Law relating to the St. Croix Cooperative Sugar Boileries

AMALIENBORG, April 24, 1903.

We Christian the Ninth, by God's grace King of Denmark, etc., hereby make known that the Rigsdag (Parliament) has passed and We approve the following law:

The Minister of Finance is hereby authorized to finally and validly conclude the provisional agreement embodied in the appendix to the present law and to the effect that the present company entitled "St. Croix Cooperative Sugar Boileries" shall be dissolved after assigning the factory on St. Croix, together with all buildings appertaining thereto and the machinery, appurtenances, and

inventory articles belonging to the factory on January 1, 1903, to a new joint-stock company to be organized with a nominal capital stock of 3,000,000 crowns. One-half the amount of the stock of the new company shall go to the national treasury, while the other half shall go to the stock-holders in the "St. Croix Cooperative Sugar Boileries" company. However, before the agreement is finally concluded, the Minister of Finance must be given a guarantee, suitable in his judgment, that the necessary operative capital will be at the disposal of the new company.

Upon the consummation of the aforementioned agreement, the national treasury shall be given permanent satisfaction for its mortgage-secured lien on the St. Croix Cooperative Sugar Boileries Company, just as the stockholders in the St. Croix Cooperative Sugar Boileries shall be given permanent satisfaction for every right they possess, including every claim they may have against the St. Croix colonial treasury in connection with the interest guarantee assumed by the colonial treasury in accordance with the Royal West Indian decree of June 16, 1876.

The aforementioned agreement, as well as the documents to be drawn up in connection with the transfer of the factory and appurtenances to the new company, may be made without the use of stamped paper; furthermore, all recording and other fees due the public treasury in connection with said transfer shall be waived.

Let all interested parties be governed accordingly.

Given at AMALIENBORG, April 24, 1903.

Under our royal hand and seal.

CHRISTIAN R. (L. S.)
C. HAGE

[Inclosure 3—Translation]

Appendix

Between the Minister of Finance on behalf of the national treasury, who, as unsatisfied mortgagee in accordance with D. L. 5-7-8, has taken over the factory, etc., on St. Croix, belonging to the St. Croix Cooperative Sugar Boileries, on the one hand, and: Counselor of State and Administer W. A. D. Moldenhawer; Counselor of State and Wholesaler A. P. C. Holm; R. of D. and Supreme Court Attorney S. S. Nellemann; K. of D. and Dm., Factory Owner, and Director G. A. Hagemann; and R. of D. and Dm. and Director Martin Dessau, as duly empowered representatives of the stockholders in the "St. Croix Cooperative Sugar Boileries," who altogether are holders of stock to a total amount of 683,800 crowns, on the other hand, the following agreement has been entered:

1. There is formed a joint-stock company under the name of St. Croix Sugar Factory, with a nominal capital stock of 3,000,000 crowns, divided into shares at 1,000 crowns each, or shares in denominations which are multiples of 1,000 crowns; however, by way of exception single shares may be issued in denominations of 100 crowns or multiples thereof.

2. The present St. Croix Cooperative Sugar Boileries company shall transfer to the aforesaid joint-stock company, with the consent of the Minister of Finance, the factory on St. Croix together with all buildings appertaining thereto, as well as the machinery, appurtenances, and inventory articles belonging to the factory on January 1, 1903, (including spare articles, tools, materials for keeping up factory, bone charcoal, and the like, but not the stock on hand, at the time, of wholly or partly manufactured sugar, sacks and other sugar packing, coal, limestone, Slamlærred ("mud linen"), and the like, cash on hand and outstanding claims). On the other hand, the new company undertakes, in the manner described below, to relieve the St. Croix Sugar Boileries company from all obligations resting upon it.

3. The sum at which the concern is to be taken over is fixed at 3,000,000 crowns, to be represented by stock in the new company.

The payment shall be made in such a way that one half of the shares, or shares to a total amount of 1,500,000 crowns shall be delivered to the national treasury as its property in full satisfaction of its mortgage-secured claim on the St. Croix Cooperative Sugar Boileries company, namely, 1,414,784 crowns 57 øre principal and all accrued or accruing but unpaid interest.

The other half of the shares, or shares totaling 1,500,000 crowns, shall, according to the rules enumerated below, fall to the stockholders in the St. Croix Cooperative Sugar Boileries company in full satisfaction of every right due the stock-

holders in the last-named company, including particularly every claim held by them against the St. Croix colonial treasury in connection with the interest guarantee assumed by the colonial treasury in accordance with the Royal West Indian decree of June 16, 1876.

The shares in the St. Croix Sugar Factory, due the stockholders in the St. Croix Cooperative Sugar Boileries in accordance with the above and totaling 1,500,000 crowns, shall be taken into custody temporarily by the Ministry of Finance. Of this amount there shall first be set aside 1,416,100 crowns, corresponding to the capital stock in the St. Croix Cooperative Sugar Boileries. Each share (either common or preferred), together with all coupons, in the St. Croix Cooperative Sugar Boileries can thereafter be exchanged at the Ministry of Finance for a share of corresponding amount in the St. Croix Sugar Factory.

The remaining 83,900 crowns shall be proportionately divided among the holders of preferred stock in the St. Croix Cooperative Sugar Boileries, who, according to further rules prescribed by the Minister of Finance, shall further receive for proportionate distribution among them such part of the aforementioned 1,416,100 crowns as may not be taken at the Ministry of Finance after a call has been issued, provided they make a declaration that they will hold the new company and the St. Croix colonial treasury harmless for any claim against the latter which might be raised by stockholders in the old company who have not received their part of the new shares.

4. The stock of sugar, coal, bone charcoal, and sacks on hand on January 1, 1903, as mentioned in 2, shall go to the national treasury as free property in full settlement of the debt owing on account current by the St. Croix Cooperative Sugar Boileries to the Danish national treasury up to the date mentioned.

5. It shall be the particular business of the new company to procure the necessary operative capital for the new company, perhaps by means of a loan on the factory.

6. The new company shall assume operations on January 1, 1903, from which date on the national treasury shall retire as the creditor who took over the boiler-ies on mortgage, and from which date all expenditures and receipts shall take place on its (the new company's) account. The new company shall take the place of the Ministry of Finance in contracts entered into with the present personnel in the boiler-ies on St. Croix. Likewise, the bookkeepers engaged here at home by the Ministry of Finance shall enter the services of the new company.

7. The Minister of Finance shall present a bill to the Parliament now in session for the regulation of the matter, which bill shall embody a proposition for the approval of the present agreement as well as to the effect that the transfer mentioned in 2 may be made without using stamped paper and that recording fees and others due the public treasury in connection with said transfer shall be waived.

8. The signature of the Minister of Finance to the present agreement shall not be binding unless the agreement is approved by the Parliament.

COPENHAGEN, *December 23, 1902.*

Chosen for stockholders in the St. Croix Cooperative Sugar Boileries pursuant to power of attorney from common and preferred stock to a total amount of 683,800 crowns.

(Signatures)

The undersigned board of directors of the St. Croix Cooperative Sugar Boileries hereby pledges itself, after the agreement has been approved by Parliament, to offer a motion at a general meeting of the company for the approval of the present agreement and therewith the dissolution of the St. Croix Cooperative Sugar Boileries Company.

COPENHAGEN, *December 23, 1902.*

(Signatures)

MINISTRY OF FINANCE, *December 29, 1902.*

(Signature)

[Inclosure 4—Translation]

Notification concerning the cancelation of a concession, granted through supreme resolution of July 7, 1912, to a consortium for the drainage and deepening of a certain area within the harbor on the Danish West India Island of St. Thomas.

The Consortium for the drainage and deepening of an area within the harbor on the Danish West India Island of St. Thomas having relinquished and delivered back the concession granted by supreme resolution of July 7, 1912, for the drainage and deepening of an area within the harbor on the Danish West India Island of St. Thomas, it has pleased His Majesty the King, on the recommendation of the Ministry of Finance, to annul said concession by means of the supreme resolution of the 23d instant.

All of which is hereby brought to public knowledge.

MINISTRY OF FINANCE, *January 31, 1913.*

N. NEERGAARD
C. DINES HANSEN

[Inclosure 5—Translation]

Regulation No. 16 of 1913 concerning exemption from customs duty and harbor dues for materials imported for use in connection with the building of the plant in St. Thomas harbor.

We Christian the Tenth, by God's grace King of Denmark, the Vends and Goths, Duke of Schleswig, Holstein, Stormarn, Ditmarsken, Lauenborg, and Oldenborg, hereby make known that the colonial council for St. Thomas and St. John has adopted and we have sanctioned the following regulation:

The Government is authorized, for a period of 10 years beginning January 1, 1913, to grant exemption from customs duties and harbor dues on all materials, including working tools and machinery, imported into St. Thomas for the installation there of considerable plants intended to supply or serve ships entering the harbor, or which are otherwise calculated to further navigation in the harbor.

Let all interested parties be governed accordingly.

Given at AMALIENBORG, *April 1, 1913.*

Under Our Royal hand and seal.

CHRISTIAN R. (L. S.)
N. NEERGAARD

File No. 711.5914/276

The Danish Minister to the Acting Secretary of State
DANISH LEGATION,
Washington, July 18, 1916.

DEAR MR. POLK: As I understand that Mr. Lansing is now having a holiday and absent from Washington, I beg to address to you the following confidential communication regarding a subject mentioned between us already on a previous occasion when Mr. Lansing had gone away.

On June 29 I wrote Mr. Lansing informing him that on the day before the Danish Minister of Foreign Affairs had handed to Mr. Egan a memorandum relative to the definite Danish proposition regarding our West India Islands and had also dispatched to me by mail the draft convention.

I have now received this draft convention, and I take pleasure in sending you under this cover a copy both of the English and Danish text.

Although I presume that you have now received from Mr. Egan the above-named memorandum, I also enclose for your information and convenience a copy of that document and of the declaration regarding Greenland, which you will also have received from Mr. Egan.

This second counterproposition of the Danish Government having been drafted with the greatest possible consideration for the wishes of the Government of the United States as expressed both in the

original draft-convention and in the course of the negotiations, and both Governments agreeing that the present moment would be opportune for the conclusion of this convention, I venture to hope that the text now submitted will be entirely acceptable and permit of the prompt completion of this important event.

You will perceive from the last passage of the memorandum of the Danish Minister of Foreign Affairs that it will be possible, within 8 days, to give me telegraphical powers to sign the convention on behalf of the Danish Government in the now submitted form.

I would be much obliged to you, if you would be so good as to acknowledge the receipt of my present communication as soon as convenient and, when you are able to, let me know whether it is proposed to await the return of Mr. Lansing for the final consideration of the matter.

As I understand that Congress will adjourn about the 20th of August, I would also thank you for informing me whether it is contemplated to submit the convention, when signed, to the Senate of the United States during this present session or only upon the opening of the new session in the coming month of December.

I also wish to again repeat here my readiness to come down to Washington at any moment whenever my presence should be deemed necessary or advisable in this connection.

Believe me [etc.]

C. BRUN

[Inclosure 1]

The United States of America and his Majesty the King of Denmark being desirous of confirming the good understanding which exists between them, have to that end appointed as Plenipotentiaries:

His Majesty the King of Denmark:

Mr. Constantin Brun, His Majesty's Envoy Extraordinary and Minister Plenipotentiary at Washington,

and the President of the United States:

Mr. Robert Lansing, Secretary of State of the United States, who, having mutually exhibited their full powers which were found to be in due form, have agreed upon the following articles:

ARTICLE I

His Majesty the King of Denmark by this convention cedes to the United States all territory, dominion and sovereignty, possessed, asserted or claimed by Denmark in the West Indies including the Islands of Saint Thomas, Saint John and Sainte Croix together with the adjacent islands and rocks.

This cession includes the right of property in all public, government, or crown lands, public buildings, wharves, ports, harbors, fortifications, barracks, public funds, rights, franchises, and privileges, and all other public property of every kind or description now belonging to Denmark together with all appurtenances thereto.

In this cession shall also be included any government archives, records, papers or documents which relate to the cession or the rights and property of the inhabitants of the islands ceded, and which may now be existing either in the islands ceded or in Denmark. Such archives and records shall be carefully preserved, and authenticated copies thereof, as may be required shall be at all times given to the United States Government or the Danish Government, as the case may be, or to such properly authorized persons as may apply for them.

ARTICLE II

Denmark guarantees that the cession made by the preceding article is free and unencumbered by any reservations, privileges, franchises, grants, or possessions, held by any governments, corporations, syndicates, or individuals, except

as herein mentioned. But it is understood that this cession does not in any respect impair private rights which by law belong to the peaceful possession of property of all kinds by private individuals of whatsoever nationality, by municipalities, public or private establishments, ecclesiastical or civic bodies, or any other associations having legal capacity to acquire and possess property in the islands ceded.

The congregations belonging to the Danish National Church shall retain the undisturbed use of the churches which are now used by them, together with the parsonages appertaining thereto and other appurtenances, including the funds allotted to the churches.

ARTICLE III

It is especially agreed, however, that:

1. The arms and military stores existing in the islands at the time of the cession and belonging to the Danish Government shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it, unless they, or parts thereof, may have been bought by the Government of the United States; it being however understood that flags and colors, uniforms and such arms or military articles as are marked as being the property of the Danish Government shall not be included in such purchase.

2. The movables, especially silver plate and pictures which may be found in the government buildings in the islands ceded and belonging to the Danish Government shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it.

3. The pecuniary claims now held by Denmark against the colonial treasuries of the islands ceded are altogether extinguished in consequence of this cession and the United States assumes no responsibility whatsoever for or in connection with these claims. Excepted is however the amount due to the Danish Treasury in account current with the West Indian colonial treasuries pursuant to the making up of accounts in consequence of the cession of the islands; should on the other hand this final accounting show a balance in favour of the West Indian colonial treasuries, the Danish Treasury shall pay that amount to the colonial treasuries.

4. The United States will maintain the following grants, concessions and licenses, given by the Danish Government, in accordance with the terms on which they are given:

a. The concession granted to "Det vestindiske Kompagni" (the West-Indian Company), Ltd. by the communications from the Ministry of Finance of January 18, 1913 and of April 16, 1913 relative to a license to embank, drain, deepen and utilize certain areas in St. Thomas Harbor and preferential rights as to commercial, industrial or shipping establishments in the said harbor.

b. Agreement of August 10 and 14, 1914, between the municipality of St. Thomas and St. John and "Det vestindiske Kompagni" Ltd. relative to the supply of the city of Charlotte Amalie with electric lighting.

c. Concession of March 12, 1897 to "The Floating Dock Company of St. Thomas, Ltd.," subsequently transferred to "The St. Thomas Engineering and Coaling Company, Ltd." relative to a floating dock in St. Thomas Harbor, in which concession the maintenance, extension and alteration of the then existing repairing slip are reserved.

d. Royal Decree Nr. 79 of November 30, 1914 relative to the subsidies from the colonial treasuries of St. Thomas and Sainte Croix to "The West India and Panama Telegraph Company, Ltd."

e. Concession of November 3, 1906, to K. B. Hey to establish and operate a telephone system on St. Thomas Island, which concession has subsequently been transferred to the "St. Thomas Telefonselskab" Ltd.

f. Concession of February 28, 1913 to the municipality of Sainte Croix to establish and operate a telephone system in Sainte Croix.

g. Concession of July 16, 1915 to Ejnar Svendsen, an engineer, for the construction and operation of an electric light plant in the city of Christiansted, Sainte Croix.

h. Concession of June 20, 1904 for the establishment of a Danish West Indian Bank of Issue. This bank has for a period of 30 years acquired the monopoly to issue bank notes in the Danish West India Islands against the payment to the Danish Treasury of a tax amounting to ten per cent of its annual profits.

i. Guarantee according to the Danish supplementary budget law for the financial year 1908-1909. relative to the St. Thomas Harbor's four per cent loan of 1910.

5. Whatever sum shall be due to the Danish Treasury by private individuals on the date of the exchange of ratifications are reserved and do not pass by this cession; and where the Danish Government at that date holds property taken over by the Danish Treasury for sums due by private individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds within two years from the date of the exchange of ratifications of this convention; the United States Government being entitled to sell by public auction, to the credit of the Danish Government, any portion of such property remaining unsold at the expiration of the said term of two years.

6. The colonial treasuries shall continue to pay the yearly allowances now given to heretofore retired functionaries appointed in the islands but holding no Royal commissions, unless such allowances may have until now been paid in Denmark.

ARTICLE IV

The Danish Government shall appoint with convenient despatch an agent or agents for the purpose of formally delivering to a similar agent or agents appointed on behalf of the United States, the territory, dominion, property, and appurtenances which are ceded hereby, and for doing any other act which may be necessary in regard thereto. Formal delivery of the territory and property ceded shall be made immediately after the payment by the United States of the sum of money stipulated in this convention; but the cession with the right of immediate possession is nevertheless to be deemed complete on the exchange of ratifications of this convention without such formal delivery. Any Danish military or naval forces which may be in the islands ceded shall be withdrawn as soon as may be practicable after the formal delivery, it being however understood that if the persons constituting these forces, after having terminated their Danish service, do not wish to leave the islands, they shall be allowed to remain there as civilians.

ARTICLE V

In full consideration of the cession made by this convention, the United States agrees to pay, within ninety days from the date of the exchange of the ratifications of this convention, in the city of Washington to the diplomatic representative or other agent of His Majesty the King of Denmark duly authorized to receive the money, the sum of twenty-five million dollars in gold coin of the United States.

ARTICLE VI

Danish citizens residing in said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the right to sell or dispose of such property or its proceeds; in case they remain in the islands, they shall continue until otherwise provided, to enjoy all the private, municipal and religious rights and liberties secured to them by the laws now in force. If the present laws are altered, the said inhabitants shall not thereby be placed in a less favorable position in respect to the above-mentioned rights and liberties than they now enjoy. Those, who remain in the islands may preserve their citizenship in Denmark by making before a court of record, within one year from the date of the exchange of ratifications of this convention, a declaration of their decision to preserve such citizenship; in default of which declaration they shall be held to have renounced it, and to have accepted citizenship in the United States; for children under eighteen years the said declaration may be made by their parents or guardians. Such election of Danish citizenship shall however not, after the lapse of the said term of one year, be a bar to their renunciation of their preserved Danish citizenship and their election of citizenship in the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States, for other inhabitants of the islands.

The civil rights and the political status of the inhabitants of the islands shall be determined by the Congress, subject to the stipulations contained in the present convention.

Danish citizens not residing in the islands but owning property therein at the time of the cession, shall retain their rights of property, including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish citizens residing in the islands and remaining therein or removing therefrom, to whom the first paragraph of this article relates.

ARTICLE VII

Danish subjects residing in the islands shall be subject in matters civil as well as criminal to the jurisdiction of the courts of the islands, pursuant to the ordinary laws governing the same, and they shall have the right to appear before such courts, and to pursue the same course therein as citizens of the country to which the courts belong.

ARTICLE VIII

Judicial proceedings pending at the time of the formal delivery in the islands ceded shall be determined according to the following rules:

(1) Judgments rendered either in civil suits between private individuals, or in criminal matters, before the date mentioned, and with respect to which there is no recourse or right to review under Danish law, shall be deemed to be final, and shall be executed in due form and without any renewed trial whatsoever, by the competent authority in the territories within which such judgments are to be carried out.

If in a criminal case a mode of punishment has been applied which, according to new rules, is no longer applicable on the islands ceded after delivery, the nearest corresponding punishment in the new rules shall be applied.

(2) Civil suits or criminal actions pending before the first courts, in which the pleadings have not been closed at the same time, shall be confirmed before the tribunals established in the ceded islands after the delivery, in accordance with the law which shall thereafter be in force.

(3) Civil suits and criminal actions pending at the said time before the Superior Court or the Supreme Court in Denmark shall continue to be prosecuted before the Danish courts until final judgment according to the law hitherto in force. The judgment shall be executed in due form by the competent authority in the territories within which such judgment should be carried out.

ARTICLE IX

The rights of property secured by copyrights and patents acquired by Danish subjects in the islands ceded at the time of exchange of the ratifications of this treaty, shall continue to be respected.

ARTICLE X

Treaties, conventions and all other international agreements of any nature existing between Denmark and the United States shall *eo ipso* extend, in default of a provision to the contrary, also to the ceded islands.

ARTICLE XI

In case of differences of opinion arising between the High Contracting Parties in regard to the interpretation or application of this convention, such differences, if they cannot be regulated through diplomatic negotiations, shall be submitted for arbitration to the permanent Court of Arbitration at The Hague.

ARTICLE XII

The ratifications of this convention shall be exchanged at Washington as soon as possible after ratification by both of the High Contracting Parties according to their respective procedure.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the Danish and English languages.

Done at Washington * * *

[Inclosure 2—Memorandum]

The Danish Government have now drafted a new *contre projet* for a convention respecting the transfer of the Danish West Indian Islands, in which to the greatest possible extent regard has been taken to the original draft of the United States' Government in connection with the Danish proposals which have been accepted by the said Government.

The Danish Government waive the claim that the convention should be made dependent on the vote of the inhabitants on the Islands ceded, and they further waive their claim that by the Convention itself the inhabitants should immediately be guaranteed full American citizenship and exemption from custom duties in the commercial intercourse with the United States.

The Danish Government have noted with satisfaction the statement of the United States' Government that every facility for the rejuvenation of the commerce of the islands will be given to them, such as has been the case with the present insular possessions of the United States, and the Danish Government, therefore, take it for granted, that the inhabitants of the islands, in the intervening period, until the above-mentioned rights to their full extent can be granted to them, will at least obtain the same privileges in this respect as the inhabitants of other similar territories within the Union.

Finally the Danish Government expressly state that they have not given any other concessions, grants, etc., on the islands than those which have already been communicated to the United States' Government and they have in the new *contre projet* reinserted Article 2 of the original draft of the United States.

Respecting the different Articles in the new *contre projet* the following is remarked:

Art. 1=Art. 1 in the original draft of the United States.

Art. 2=Art. 2 in the United States' original draft, the 3d sentence having however been worded in the form accepted by the United States' Government.

Art. 3=Art. 2 in the first Danish *contre projet* to such extent as it has been accepted by the United States' Government.

The further particulars desired by the United States' Government respecting §4 are enclosed herewith:

- (1) the original concession of the 7' of July 1912 with the accompanying map;
- (2) Public Notice of 31' of January 1913 respecting the annulment of the original concession; and (3) Decree of the 1' of April 1913 exempting from custom duties and ship's dues materials imported for works in St. Thomas Harbour.

The stipulation contained in Art. 3, 4 of the United States' original draft has become superfluous by the enclosed Law No. 68 of the 24' of April 1903 respecting St. Croix Fallessukkerkogerier, which expressly states that at the fulfillment of the agreement mentioned in the law the shareholders in St. Croix Fallessukkerkogerier have been fully satisfied in respect of all claims, including all claims against the St. Thomas colonial treasury on account of the interest-guarantee incumbent on the said treasury in virtue of the Royal West-Indian Decree of the 16' of June 1876.

Respecting the bills of credit mentioned in section (h) in the Danish *contre projet*—part of which has now been left out—the following is remarked:

Formerly Danish West Indian bills of credit, issued by the Danish Treasury, which bore no interest, circulated in the Danish West Indian Islands.

These bills of credit were issued in virtue of a Royal Decree of the 4' of April 1849. They were only in the Danish West Indian colonies valid at their face value, so that they should be received in the paying offices in the Islands as ready money and payment. They were unredeemable, were not legal tender, but were received without the compulsion of the law between man and man.

When on the 20' of June 1904 the Minister of Finance in virtue of the Law of the 29th of March 1904 gave a concession for the establishment of a Danish West Indian Bank of Issue, which for a period of 30 years has the monopoly to issue in the islands notes, which are redeemable at bearer's request with gold coin and which in all public paying offices shall be accepted as legal tender, a promise was given to the Bank in virtue of Art. 6 in the said concession that the Danish West Indian bills of credit should be recalled with preclusive effect within a certain term not shorter than one year. This took place in this manner, that the term expired at the end of the month of April 1907, see Public Notice No. 6. of the 5' of March 1906. The Bank was bound to redeem the bills of credit with the Bank's own notes and was not allowed to put them in circulation again. On the other hand the Bank has a right to use the bills in payment of its yearly tax to the Danish Treasury. This tax will now in virtue of the convention pass to the United States, but the Danish Treasury will undertake to redeem the bills of credit redeemed by the Bank, and which, according to the Bank's monthly balance of the 31' of March 1916, amounts to 442,610 Fr.

In Art. 4 the sentence "but the cession, etc." to "formal delivery" has been reinserted. It is however, the desire of the Danish Government that a formal delivery shall take place but it may take place without delay in accordance with a telegraphical instruction to the Governor from the Danish Government.

Art. 5=Art. 5 in the United States' original draft with the alteration accepted by the United States.

Art. 6=Art. 5 in the first Danish *contre projet* with the exception of the last paragraph. This is the only point where the Danish Government have not seen their way to accept the proposals of the United States' Government. The Danish wording is in strict conformity with Art. 3 in the prior convention of the 24'

of January 1902 with the exception that the period of option, in conformity with the proposal of the United States Government, has been shortened to one year, and that a stipulation has been added respecting the deposit of the declaration of option for children under 18 years.

During the negotiations which were conducted between the two Governments prior to the convention of the 24th of April 1902 the reasons, which made Art. 6 in the United States' draft unacceptable to the Danish Government were so fully stated that it would be unnecessary to repeat them here. These reasons being still valid, in view of the fact that American citizenship has not been guaranteed to the inhabitants of the islands through the convention, that the Danish Government are not in possession of the necessary material to form an accurate judgment of how the legal status of the inhabitants will be after the transfer, and that by Art. 6 the inhabitants are not even given as favorable a legal status as secured to them by Art. 2 in the Danish American Convention of Commerce of the 26th of April 1826, the Danish Government also now will appreciate the weight of these reasons and will accept a wording, which they have already accepted on the prior occasion.

Art. 7=Art. 7 in the United States' original draft.

Art. 8=Art. 8 in the United States' original draft with the modifications accepted by them in the first Danish *contre projet's* Art. 6.

Art. 9=Art. 9 in the United States' original draft.

Art. 10=Art. 7 in the first Danish *contre projet* accepted by the United States' Government.

Art. 11=Art. 8 in the first Danish *contre projet* accepted by the United States' Government.

Respecting Greenland the United States will at the date of the signature of the convention give a declaration in conformity with the draft previously submitted to the United States' Government by the Danish Government.

The Danish Government finally beg to recall to the memory of the United States' Government the promise given to the Danish Minister in Washington by the American Secretary of State to the effect that they would interest American capital in the islands to release private Danish monetary interests.

The Danish Government beg to call attention to the fact, that in their absolute opinion the secrecy respecting the whole of the matter upon which both sides have agreed should be strictly maintained until the case can be laid before respectively the Danish Rigsdag and the United States' Congress.

The new *contre projet* drafted in conformity with the above has been sent to the Danish Minister in Washington in the Danish and English languages. The Danish Government agree with the United States' Government that the present moment would be opportune for the conclusion of this convention, and should the United States' Government be able to accept the draft now submitted, it will be possible to give the Danish Minister in Washington telegraphical powers in the course of 8 days to sign the convention in the name of the Danish Government together with the American Plenipotentiary.

COPENHAGEN, the 28th of June 1916.

[Inclosure 3]

Declaration by the United States

The Government of the United States of America will not object to the Danish Government extending their political and economic interests to the whole of Greenland.

File No. 711.5914/238 1/2

The Acting Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, July 27, 1916.

Your telegram July 27.^s On behalf of the Government of the United States I accept the text of treaty forwarded in your letter of the 18th instant and accompanied by a memorandum of your

^sNot printed.

Government dated June 28, 1916. In order to clear up the English translation, I have had to make two or three verbal changes which do not in any way affect the sense of the text. Please telegraph me what the words "capitals allotted to the churches" in Art. II mean. Do they mean investment made by the churches or moneys allotted to the churches out of the revenues of the islands?

FRANK L. POLK

File No. 711.5914/69

The Danish Minister to the Secretary of State

[Telegram]

BAR HARBOR, MAINE, July 28, 1916.

Your telegram July 27th conveying official acceptance of text of treaty received yesterday evening. Replying your question would say that the words "capitals allotted to the churches" and the corresponding words in the Danish text of Article II do not mean investments made by the churches but sums of money set aside for the use and benefit of the churches. I would be much obliged if you would cause proofs of the final English and Danish texts to be sent to me as soon as possible and I am of course ready to come to Washington in this connection if desired.

BRUN

File No. 711.5914/72

The Danish Minister to the Acting Secretary of State

[Telegram]

BAR HARBOR, MAINE, July 29, 1916.

According to a cablegram received this morning, the Danish Government, before cabling me full powers to sign treaty, desires to receive an official statement from you to the effect that your acceptance of our proposition includes that the declaration regarding Greenland in the text agreed upon and sent you with my letter of July 18, will be given to me simultaneously with the signature of the treaty and they also desire that before signature an agreement should be reached regarding the time when the treaty should be submitted to the respective legislative bodies of the two countries. On this point I did already ask for your intention in my letter of July 18. These two points should already have been mentioned in my telegram to you of July 26 regarding four enclosures but the corresponding part of the cablegram received by me had disappeared in transmission of which I could not be aware until today when the cablegram was repeated to me. I may add that the Danish Parliament is at present in session but I do not know for how long.

BRUN

File No. 711.5914/72

The Acting Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, July 31, 1916.

Your telegrams July 28 and 29. My telegram July 27 intended to include assurance that declaration enclosed in your letter of July

18 will be given to you when treaty is signed. This will be done simultaneously with signature of treaty, it being understood that declaration stands or falls with treaty. Desire to submit treaty to Senate immediately after signature. Will consult you as to date if it is desired to submit it simultaneously to Senate and Danish Parliament.

The following are the only verbal changes made in your draft of treaty:

The word "claims" added at end of first sentence, Article III, Paragraph 3, and the corresponding Danish word, "pengekrav" added in Danish text.

"Colonial treasury" changed to "Colonial treasuries" in Article III, Paragraph 6, and Danish word "kolonialkassen" changed to "Kolonialkasserne".

The following changes were made in the English translation:

The word "held" inserted before "by" in first sentence Article II, so as to read "held by any Governments".

The word "funds" substituted for the word "capitals" in last sentence of Article II.

The words "which may be found" substituted for "to be found" in Article III, Paragraph 2.

The words "private individuals" substituted for the word "individuals" Article III, Paragraph 5.

The word "hereby" substituted for "herewith" in Article IV.

The words "are to be carried out" substituted for the words "should be carried out" in Article VIII, Paragraph 1.

As you will observe, these changes do not modify the sense of the text. If they are agreeable to you, I see no necessity of your coming to Washington prior to signature, but if you desire to do so, I shall be glad to go over the texts with you.

Most important that matter be expedited to greatest extent.

FRANK L. POLK

File No. 711.5914/124

Vice Consul Zabriskie to the Director of the Consular Service

AMERICAN CONSULATE,
St. Thomas, July 31, 1916.

SIR: I have the honor to quote below a cablegram regarding the sale question, which is dated from Washington, D. C., July 25, 1916, and published in the St. Thomas and St. Croix newspapers on the following day, as follows:

Official announcement was made at the White House today that negotiations between Denmark and the United State for the purchase of the Danish West India Islands have practically been completed for the sum of twenty-five million dollars.

Commenting on the foregoing, the Editor of the *St. Thomas Tidende*, of July 26, 1916, has the following to say:

The circulation of this important bit of news has, as may be expected, created quite some sensation. Coming after the persistent rumors of the renewed efforts to effect the transfer, and with what seems unusual definiteness, it is apparently regarded as settled. "Practically concluded" should be taken to mean that the high contracting parties—the Cabinets of both countries—have reached an agreement on all essential points. Ratification by the Rigsdag and Congress would be the next and final step, and that it will pass should not be doubted in view of the hairbreadth failure at the last attempt, and the alleged mutual readiness now of the one side to sell and the other to buy.

Though familiarity with this sale question has caused it to be treated with a certain flippancy and unconcern, it remains nevertheless a matter of moment. Sixty years ago the talk of Americans buying the islands was current, and pretty nearly came off. Fourteen years ago the sale failed through a single vote—that

of an invalid member of the Landsting who was taken from his bed to help block its passage. Will it go through this time and be consummated? The Danish Parliament meets on October 1st so we shall not have a long wait to learn whether they will in reality come under the Stars and Stripes.

The editor of the (St. Croix) *West End News* goes much further in his remarks on the sale question, commenting as follows in the July 29th issue of his paper:

Since the cablegram announcing the negotiations between the United States and Denmark for the transfer of the islands was received here on Wednesday, nothing further has been received. We along with most people, are inclined to believe, for several reasons, which we do not here intend to explain just now, that the transfer is going to be materialized this time. But we would rather stand by and watch the development of affairs. And we will not begin to expose who are in favor of and who are against the transfer, for some have their national reasons and others their own personal reasons. Some jumped from joy when they heard of the news, and some cried of grief. We believe that the question of the transfer is at such a stadium that it would be impossible and imprudent if Denmark should again, for the third time, break off negotiations. She would then be jeered at by all the world. On the other hand we must say that the transfer now would be an admission of Denmark's inability to handle colonies and be declared elsewhere a "bankrupt," but as things are at present we would rather this radical change. It will be of absolutely no avail, we can assure the population, to arrange protest-meetings, addresses, and the like; it will be only wasting time and will not be of any use.

I have [etc.]

LUTHER R. ZABRISKIE

File No. 711.5914/77

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, August 5, 1916, noon.

286. Referring to Legation's number 284, August 3, 4 p. m. Secret meeting of Ministers and representatives of all parties in the Rigsdag took place yesterday. Minister for Foreign Affairs spoke for three-quarters of an hour explaining conditions of proposed sale. An official communication of this meeting appeared in the 9 o'clock edition of *Berlingske Tidende* last night. Other papers print communication this morning. Very conservative *Berlingske Tidende* protests against sale and delivery's taking place during the war. Moderate *National Tidende* and *Independent Kjobenhaven* express gratification Minister for Foreign Affairs for having denied that negotiations were going on. *Social Demokraten* unreservedly in favor of sale. From conversations with leading conservative party I gather that the main opposition will be made from that point of view. As far as I can see there will be little doubt that the treaty will be ratified by the Rigsdag.

EGAN

File No. 711.5914/77a

The Acting Secretary of State to Minister Egan

[Telegrams]

DEPARTMENT OF STATE,
Washington, August 5, 1916, 1 p. m.

142. Treaty ceding Danish West Indies to the United States was signed yesterday by Secretary Lansing and Minister Brun, in New

York. Treaty will be immediately submitted to Senate here for its approval. It is understood treaty will be submitted to Danish Parliament as soon as text arrives by mail. Text is not to be made public until a date agreed upon by the two countries. Keep Department advised as to attitude of Danish Parliament regarding treaty.

The foregoing is for your information.

Documents contained in your mail despatch No. 937 of July 4th and No. 915 March 27th do not give sufficient information regarding concession to Danish West Indian Company for the improvement of St. Thomas Harbor. It is understood the concession of July 7, 1912, was completely annulled January 31, 1913. If this is so, concession must rest, so far as Department is advised, on letters of the Minister of Finance dated January 18, 1913, and April 16, 1913. These letters, however, do not give details of concession, such as period of concession, right of Government to buy back concession, etc. Moreover, these letters refer to other correspondence which Department has not received. Please obtain immediately from the Danish Government all details regarding this concession, and also the four letters referred to in the first paragraph of the letter of the Minister of Finance of January 18, 1913, and the four letters referred to in his letter of April 16, 1913. This information is desired officially and immediately for use in connection with treaty which is being sent to Senate. In a concession of this importance, there must be documents setting forth more definitely the relative rights of the company and the Danish Government.

Please telegraph summary of information obtained.

POLK

File No. 711.5914/77b

DEPARTMENT OF STATE,
Washington, August 5, 1916, 2 p. m.

143. Danish Minister here seemed to feel Department responsible for publicity in connection with treaty. Facts of the case are these: Department was informed one month ago by two reputable papers that they had complete story, which they had secured from Denmark. At the personal request of the President, they agreed to, and did so withhold publication. Story was published in London on July 22 and it was stated it came from Copenhagen. Then the American papers published the story and the *Philadelphia Ledger*, one of the papers, which originally had the story from Copenhagen, published details it had obtained from these. This Government refused even after publication to discuss the matter or give any details of any kind. It is clear the responsibility for the premature publication was not on this Government.

POLK

File No. 711.5914/80a

The Acting Secretary of State to Consul Payne

[Telegram]

DEPARTMENT OF STATE,
Washington, August 5, 1916, 2 p. m.

Please make thorough investigation and submit report at earliest moment on character and extent of each monopoly in the Danish West Indies except such as arise directly from concession by decrees

of Danish Government. Indicate whether monopolies arise from exclusive charters granted under a general incorporation act. This information is desired for use in connection with the treaty recently signed ceding islands to the United States.

Department is informed that there are monopolies in various lines of business, such as drug, meat and bread businesses, and that practically all of the water front which could be used for a naval station, is owned or leased by large German steamship companies. Telegraph brief summary of report.

POLK

File No. 711.5914/80

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, August 7, 1916, 3 p. m.

287. Your 143, August 5, 2 p. m. It is evident that our Government was not responsible for publicity. For months rumors of the sale, approximate amount mentioned, were current in financial circles here. Any clever newspaper man could have picked them up. The article in the paper called *Kjobenhaven* of July 9 forced denials from the Minister of Finance, Brandes. The first publicity we heard was from a French paper. It was not foregoing publicity but the denials of the announcement in *Kjobenhaven* that is used by press against the Government here.

EGAN

File No. 711.5914/79

AMERICAN LEGATION,
Copenhagen, August 7, 1916, 5 p. m.

289. Referring to the Legation's number 287, August 7, 3 p. m. Foreign Office informs me that first publicity came to Copenhagen in a despatch from Ambassador Jusserand to Bapst, French Minister here. Bapst is the only one of my colleagues who openly finds our policy of buying Danish West Indies objectionable. He tells Foreign Office that it may lead to buying of Martinique.

EGAN

File No. 711.5914/83a

The Acting Secretary of State to the President

DEPARTMENT OF STATE,
Washington, August 7, 1916.

THE PRESIDENT: The undersigned, the Acting Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate, if his judgment approve thereof, to receive the advice and consent of that body to its ratification, a convention between the United States and Denmark respecting the cession of the Danish West Indian Islands to the United States, signed at New York on August 4, 1916.

The undersigned has also the honor to submit, for the information of the Senate, a declaration made by the Secretary of State at the

time of the signing of the convention "that the Government of the United States of America will not object to the Danish Government extending their political and economic interests to the whole of Greenland."

As the Danish Government has requested that publicity of the terms of the convention be withheld until such time as the two Governments shall agree to promulgate them, the undersigned begs to suggest that it be recommended to the Senate that in giving its advice and consent to the ratification of the convention, its resolution include a provision that the injunction of secrecy shall remain on the convention until the two Governments shall agree to make it public.

Respectfully submitted.

FRANK L. POLK

File No. 711.5914/83

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, August 8, 1916, 6 p. m.

291. Your 141, August 5, 1 p. m. Foreign Office informs me that there are no documents setting forth more definitely the rights of the West India Company than the two letters of January 18, 1913, and April 16, 1913. These contain all concessions to the West India Company, vague as they are. Have just received letters of October 2, 1912, October 11, 1912, October 14, 1912, with acknowledgment of concession. Will translate and cable at once though they are of no value, the concession having been annulled.

EGAN

File No. 711.5914/83b

The Acting Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, August 8, 1916.

Treaty transmitted by President to Senate today with a request that the details be kept secret.

FRANK L. POLK

File No. 711.5914/134

Minister Egan to the Secretary of State

No. 943

AMERICAN LEGATION,
Copenhagen, August 9, 1916.

SIR: With reference to the Department's telegraphic instruction No. 142 of August 5, 1916, asking for the four documents referred to in the first paragraph of the letter of the Danish Minister of Finance of January 18, 1913, I have the honor to enclose the four documents referred to which are in the form of letters. It is evident from the contents of the letter written by the Minister of

Finance of October 2, 1912, that the concession to the "Vestindiske Kompagni" has lapsed because the conditions for the granting of that concession had not been fulfilled. The Foreign Minister informs me that these are all the documents referring to this concession in his possession. This will doubtless be considered very remarkable as the concession was of so much importance, but several applications on my part to the Foreign Office resulted in the reiterated assertion that there are no other documents in the case.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure 1—Translation]

K. No.

MINISTRY OF FINANCE,
Copenhagen, October 2, 1912.

On the 1st instant the Consortium notified the Ministry of Finance to the effect that the subscription for stocks in the "Vestindiske Kompagni" had not reached the result that was conditional for the granting of the harbor-concession, and that under the circumstances the Consortium desires, without the concession, to proceed with the work.

In compliance herewith the Consortium has offered to undertake temporarily the erection of the first section of the harbor plant at Long Bay, provided that the right to dispose of any area and dock which it may construct be reserved to it.

In this connection you are informed that the Ministry of Finance agrees, also if the concession is dropped, to permit the Consortium to fill up and deepen the part of St. Thomas harbor, which on the map attached to the concession of July 7th, last, is marked with A., and which is situated directly in front of the area acquired by the Consortium. Permission is also granted to the Consortium to dispose freely of any area and dock which it may erect.

N. NEERGAARD
C. DINES HANSEN

To the Consortium to utilize [for utilization] through draining and deepening an area within the harbor of the Danish West Indian Island, St. Thomas.

[Inclosure 2—Translation]

K. No. 1209

MINISTRY OF FINANCE,
Copenhagen, October 11, 1912.

In connection with the Ministry of Finance's letter of the 2nd instant, through which the Consortium was notified that the Ministry of Finance was willing, even if the concession granted to the Consortium on July 7, last, is dropped, to grant to the Consortium the permission to drain and deepen certain particularly specified areas within the harbor of St. Thomas, and to utilize the recovered areas and docks, the Consortium has through a communication of the 8th instant called attention to the fact that it is its intention, because the development makes it advisable, to accomplish the whole of the previously contemplated plant. In this connection the Consortium asks for particulars as to how it may secure a free disposition of the plants.

You are hereby informed that permission is granted to the Consortium to reclaim (*inddæmme*) those areas in the harbor of St. Thomas, which on the map, attached to the afore-mentioned concession, are marked in red color. When these areas have been recovered, they shall be considered the property of the Consortium, which may dispose freely and independently of them. However, should such a property in any way be involved in a conflict with the interests of a private individual, the question should be settled with the party concerned. The Consortium should further have the sole right to dispose of the docks, which it may have erected in accordance with the map. It is particularly pointed out that this permission reserves the Consortium the right to collect wharf dues, anchorage and other similar dues from such crafts as call at

its docks or take advantage of the harbor facilities. The wharf dues are a fixed tax, and should be collected equally from all.

It is also stated that the Consortium is permitted to erect on its area, tanks for liquid fuel to serve as fuel for ships, subject, however, to such precautions as may be considered necessary by the local authorities.

Pilot and harbor dues (also ship's dues) shall be paid to the harbor's cashier by all ships which call at or take advantage of the facilities offered by the harbor, such as the use of piers, dock arrangements, etc., which the Consortium may have erected; conditions and rates to be the same at all times as those which are in effect in the remainder of the harbor.

The police inspection of the afore-mentioned water and land districts will be under the control of the harbor and local police authorities.

N. NEERGAARD
C. DINES HANSEN

To the Consortium to utilize through draining and deepening an area within the harbor of the Danish West Indian Island St. Thomas.

[Inclosure 3—Translation]

K. No. 1226

MINISTRY OF FINANCE,
Copenhagen, October 14, 1912.

Acknowledging the receipt of the Consortium's letter of the 12th instant enclosing the concession issued in favor of the said Consortium on July 7, last, it is hereby stated that the Ministry of Finance is willing to transfer the rights, which were granted to the Consortium through the Ministry's letter of the 2nd instant, K. No. 1183, and of the 11th instant K. No. 1209, to a limited company with administration at Copenhagen. The Board of Administration should be formed in such a way that the greater part of the members are Danish citizens.

With respect to the application of the Consortium requesting that all materials, imported in connection with the intended first-erection in and at St. Thomas harbor, also to be exempt from duty under the administration of the contemplated concern, please note that it is the intention of the Ministry to authorize the Administration of the Danish West Indian Islands to place before the Colonial Board of St. Thomas and St. Jan an ordinance-proposal in favor of this question.

N. NEERGAARD
C. DINES HANSEN

To the Consortium to utilize through draining and deepening an area within the harbor of the Danish West Indian Island, St. Thomas.

[Inclosure 4—Translation]

DET VESTINDISKE KOMPAGNI,
Holbergsgade 2.

With reference to the Ministry of Finance's letter of October 14, (K. No. 1226) and of October 17, (K. No. 1235) last, the Consortium to utilize through draining and deepening an area within the harbor of the Danish West Indian Island St. Thomas takes the liberty to request that the rights, which were granted to the Consortium through the Ministry's letter of October 2, (K. No. 1183) and of October 11, (K. No. 1209) [see letter of October 14, (K. No. 1226) of last year], may be transferred to the stock company, Det Vestindiske Kompagni, which is resident at Copenhagen, and the Board of Administration of which consists of persons who are all Danish citizens.

The undersigned, Vestindiske Kompagni, hereby has the honor to enclose copies in triplicate of the Journal of Proceedings from the Company's General Assembly, touching upon the constitutional meetings on October 16 and on December 12, last year, and three copies of the Company's printed rules. The Company at the same time requests that the above-named rights be transferred to it, and that the Administration of the Danish West Indian Islands place before the Colonial Board of St. Thomas and St. Jan a proposal for an ordinance directing that all materials imported—whether by the Company or by others,

whom the Company has charged with part of the work—in connection with the first erection in and at St. Thomas harbor, be exempt from duty.

Copenhagen, January 6, 1913,

Respectfully

The Consortium to utilize through draining and deepening an area within the harbor of the Danish West Indian Island St. Thomas.

H. N. ANDERSEN
HOLGER PETERSEN
C. M. T. COLD

Board of Administration of "Det Vestindiske Kompagni"

H. N. ANDERSEN
HOLGER PETERSEN
C. M. T. COLD
C. F. MÆGAARD
H. C. V. MØLLER
A. HEIDE
ALEX. FOSS
H. SCHULTZ
SCHMIEGELOW
J. F. FENGER

To the Ministry of Finance, Central Administration for the Colonies.

File No. 711. 5914/84

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, August 10, 1916, noon.

293. Referring to the Legation's No. 291, August 8, 6 p. m., following is summary of letters mentioned therein. Letter of October 2, 1912 from Ministry of Finance to the "Company to utilize through draining and deepening an area in St. Thomas Harbor," stating that the Ministry had been informed by said company that the subscription for stocks in the Vestindiske Company having fallen short of the amount required for the granting of the concession, the company desires to proceed with the work without the concession. The company offers to undertake temporarily the erection of the first section of the harbor plant at Long Bay reserving the right to dispose of any area and dock so constructed. The Ministry hereby states that even if the concession is dropped it agrees to allow the company to drain and deepen the part of St. Thomas Harbor marked A on the map attached to concession of July 7 and which is outside of the area acquired by the company. Permission is also granted to the company to dispose freely of any area and dock it may erect.

Letter of October 11, 1912 from Ministry of Finance to the same company stating that in connection with their letter of October 2, 1912 they have been informed by the company in a letter of October 8, 1912 that it is the company's intention to complete the previously contemplated plant and that permission is granted to the company to drain "indaemme" those areas marked in red on the aforementioned concession map. These recovered areas shall be considered the property of the company which may dispose of them freely. Should such property be involved in a conflict with the interests of a private

individual the question should be settled with party concerned. They can also dispose of docks erected as prescribed on map. The company can collect wharf dues which are fixed amounts. The company may erect tanks for liquid fuel subject to the requirements of the local authorities, pilot and harbor dues shall be paid to harbor's cashier.

Letter of October 14, 1912 from Ministry of Finance to the same company acknowledging receipt of latter's letter of October 12 and stating that Ministry is willing to transfer rights granted to the company through the Ministry's letters of October 2 and October 11 to a limited company with administration at Copenhagen. Board of administration should be formed so that the greater part of the members are Danish citizens.

Letter of January 6, 1913, from Vestindiske Company to the Ministry of Finance requesting that the rights accorded to the "company to utilize through draining and deepening an area within the harbor of St. Thomas" by the Ministry's letters of October 2 and October 11, 1912 be transferred to the stock company det Vestindiske Company resident at Copenhagen and the board of administration consisting entirely of Danish citizens. They request that all material imported for the work be exempt from duty. · EGAN

File No. 711.5914/84

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, August 11, 1916, 4 p. m.

146. Your 291, August 8th, and 293, August 9th. Department does not understand your statement that letters cabled are of no value, as concession has been annulled. Please obtain an official statement from the Danish Government that the rights granted by the letters of the Ministry of Finance of October 2, 1912, and October 11, 1912 were annulled by decree of January 31, 1913. It is understood that you will obtain the information requested in Department's 142 officially and in writing from the Foreign Office. Endeavor to obtain an expression of the views of the Danish Government as to period for which the West India Company is entitled to hold its concession. Also ascertain officially whether any promise was given that no other companies would receive concessions for privileges in St. Thomas Harbor, as intimated in the last paragraph of letter of April 16, 1913.

LANSING

File No. 711.5914/114

Consul Payne to the Secretary of State

No. 325

AMERICAN CONSULATE,
St. Thomas, August 14, 1916.

SIR: I have the honor to hereby confirm the Department's cable of the 5th instant to this Consulate reading as follows: [Printed ante.]

The cable reply from the St. Thomas Consulate, of today's date, reads as follows:

Referring Department's fifth, code messages disallowed. Report mailed today.

In connection with the above, I have to report that immediately upon the receipt of the Department's cabled instruction the Vice Consul had a lengthy conference with Government Secretary Baumann, with whom this office enjoys the friendliest relationship, who promised to render to the Consulate a full report on the subject, and to include copies of all of the agreements made by the local Colonial Government with any individual or concern here as a result of which any special privileges are enjoyed along the lines indicated in the Department's cable. Late in the afternoon, though, the Government Secretary telephoned to the Consulate to state that it would be impossible for him to redeem the pledge he had made in the morning.

On the following day, the Governor himself requested a conference with me, but upon my arrival at the Government Office, at the appointed hour, the Governor was absent. The Government Secretary, however, intimated to me that the Governor had objected to furnish the consulate with any such information as had been requested until he had received instructions from the Copenhagen Government as to the exact status of affairs respecting the probable sale of the Danish West Indies.

This office felt justified in the course it had pursued, inasmuch as practically all of the information requested was public property, and in many instances, at the time the various agreements were made, was published in the local newspapers. However, the action of the Governor in this instance is only in keeping with his attitude along these lines ever since the present sale question began to assume serious proportions. Taking but one example, when a request was made of him some time ago, through the American Consular Agent in Ste. Croix, for certain data regarding the 1916 sugar crop, he arbitrarily replied, according to the written statement of the Consular Agent, that he would not positively refuse his request but would prefer if he would withdraw it. The Governor has the reputation of being more or less anti-American, and has been strongly opposed to the sale of the islands, and these two conditions will probably explain the reason for his putting obstacles in the way of the Consulate in such a manner as he has done repeatedly, when the office was seeking some special information.

As a result, in order to obtain the information desired, it has become necessary for this office to interview the heads of the various local concerns that enjoy any sort of monopoly; but, owing to the inability of some of these, and the unwillingness of others, to provide full details on the subject, the results met with have not been as satisfactory as was hoped for.

It now appears, from a statement made by Captain H. P. Berg, manager of the West India Company, Limited, that his denials made on the occasion of several former interviews, concerning the existence of any sort of concession granted to the company he represents here, were absolutely false, and that they do enjoy special

privileges that incline to give them a monopoly in their electricity, oil, water, and, possibly, their coal supply business.

According to Captain Berg's statement, the West India Company has the exclusive privilege for furnishing electricity and electric power to St. Thomas for a period of ten years dating from April, 1915, and with the option for an extension of same for another ten year period, unless the Government should decide to take over the plant in accordance with the terms of a contract which reserves this right. The prices for electricity were determined upon when the agreement was made, and are more or less fixed. No taxes at all are levied upon any department of this plant.

For supplying fuel oil to ships in the St. Thomas harbor, the manager of the West India Company asserts that they have the exclusive and unlimited privilege.

Respecting the future water supply for the town and for the harbor, Captain Berg admits that the Government has made some arrangement with the West India Company, but no details of this arrangement could be ascertained.

As for the harbor coal supply business, it is said that the West India Company possesses no governmental concessions that afford it any special advantage over their competitors, but, owing to the local conditions occasioned by the war, and because of a previous favorable arrangement for the transportation of their coal here, the company is enabled to undersell all others, and consequently, is at present enjoying an absolute monopoly in this business.

Captain Berg states that the West India Company has paid no taxes to the local Government since their establishment here.

As previously reported to the Department, Governor L. C. Helweg-Larsen is the chairman of the board of directors of the West India Company, and is also a large shareholder in this concern. In addition, according to the statements made by members of the local colonial council, the methods that he, as Governor, has employed for "railroading through" the council legislation favorable to the company he represents sound most reprehensible.

There is a prevailing opinion here that considerable German money has found its way into the new St. Thomas harbor improvements, although the Governor, the local manager, Captain H. P. Berg, and the German Consul stoutly declare to the contrary.

According to the statement of the German Consul, who is also the local representative of the Hamburg-America Line, the only real estate interests that the Hamburg-America Company has in St. Thomas are the following: The new office building, the superintendent's residence, the old office building, and the wharf.

An extension to their own wharf, of about equal size, is leased by the Hamburg-America Line from private parties, who own this tract of land on the slope of Orkanshullet Island.

For the purpose of giving the Department a better understanding concerning the ownership and control of lands about the harbor of St. Thomas, there is being transmitted, under separate cover, a map of the harbor, along with three small supplemental maps, where the several wharf holdings have been roughly indicated. This work was done for the consulate by the local Government surveyor, Mr. C. Philipsen, and is regarded as fairly correct, although Mr. Philipsen

does not wish same to be considered as in any way an official ruling on the subject.

The lease on the lands rented by the St. Thomas Dock, Engineering and Coaling Company, as well as their exclusive right to operate a dry-dock in the harbor, expires, according to the statement of Captain C. B. Stewart, who is the local manager for the company, as well as the British Consul, in the year 1918.

A copy of the ordinance concerning subsidies from the colonial treasuries of St. Thomas and St. Croix the "West India and Panama Telegraph Company, Ltd." is enclosed herewith.

The local telephone company appears to have been established under the laws of Denmark, as a joint stock company, in the year 1906, with headquarters in St. Thomas. Governor Larsen and Postmaster Caistensen are the directors of the company, and these two men, with a Mr. Hey, a member of the Danish Landsting and the company's original promoter, and two others, make up the entire body of stockholders. The local colonial council, with the approval of the Home Government, has given this company the exclusive right to operate here, and they have to pay a local tax according to the size of their income, which is stated every half year. This tax amounted in 1915 to approximately \$50.00. Every five years the Government has the right to regulate the telephone rates, and it also possesses the right, at any time, to take over the concern, by giving due notice and paying the actual cost of the plant.

The company has at present about 140 subscribers, and their rates are \$2.50 per month for one telephone; but where a second telephone is installed in a man's residence, besides his place of business, only \$2.00 is charged for the addition. The past year's running expenses amounted to approximately 9,000 francs (\$1,737.00), out of which the directors and the employes received a gratification of 1,000 francs (\$193.00). A 10% dividend, as a rule, is paid to the stockholders.

The drug stores, of which one is limited to St. Thomas, and one to each of the towns of Frederiksted and Christiansted in St. Croix, make up, so far as this office has been able to find out, the remainder of the local monopolies. The exclusive right for the operation of a drug store in each of the three named localities is given by the Government, and the resultant exorbitant prices and unsatisfactory service have created much dissatisfaction.

I have [etc.]

C. H. PAYNE

[Inclosure—Translation]

Ordinance concerning subsidies from the Colonial Treasuries of St. Thomas and St. Croix to the "West India & Panama Telegraph Company, Ltd."

LARS CHRISTIAN HELWEG-LARSEN Governor of the Danish West India Islands, Knight of Dannebrog and Dannebrogsmænd

Maketh Known: On the most submissive representation of the Ministry of Finances His Majesty the King was most graciously pleased by resolution of 30th November, 1914, to sanction the following ordinance concerning subsidies from the colonial treasuries of St. Thomas and St. Croix to "The West India and Panama Telegraph Company, Ltd." as passed by the colonial council of St. Croix by 3rd discussion on 21st September, 1914, and by the colonial council of St. Thomas and St. Jan by 3rd discussion on 24th September, 1914:

1. The yearly subsidies of 15,000 Frs. from the colonial treasury of St. Thomas and 5,000 Frs. from the colonial treasury of St. Croix, hitherto granted "The West India & Panama Telegraph Company, Ltd." are guaranteed the said company for a period of 10 years, reckoned from 1st April, 1915, on the conditions laid down in ordinance of 2nd November 1885, provided however that the company binds itself to maintain during the whole of the above-mentioned period the following maximum rates for transmitting telegrams to and from the Danish West India Islands:

	Fr. per word
Between St. Thomas and Christiansted, St. Croix.....	0. 20
Between St. Thomas or Christiansted, St. Croix and San Juan & Ponce...	0. 45
Between St. Thomas or Christiansted, St. Croix and St. Kitts and Antigua.....	0. 75
Between St. Thomas or Christiansted, St. Croix and Dominica & Guadeloupe (Basseterre).....	1. 25
Between St. Thomas or Christiansted, St. Croix and St. Lucia, St. Vincent, Barbados, Grenada, Trinidad (Port of Spain), Jamaica (Kingston and Holland Bay) and Cuba.....	2. 50
Between St. Thomas or Christiansted, St. Croix and New York or other places in the United States of North America and in Canada, in so far as the rates at present for telegrams to and from these places are the same as for telegrams to New York.....	2. 50
Between St. Thomas or Christiansted, St. Croix and Demerara (Georgetown).....	3. 50
Between St. Thomas or Christiansted, St. Croix and Great Britain and Ireland.....	3. 75

The above-mentioned rates are also applicable to telegrams transmitted from the Danish West India Islands via New York or via London to other places, or from such places to the Danish West India Islands, in so far as concerns the transmission between the Danish West India Islands and New York or London respectively.

Telegrams at half rates (deferred telegrams) shall be transmitted between the Danish West India Islands and Denmark.

2. During the period of 10 years mentioned in the preceding paragraph and on the conditions stipulated in same, the company is guaranteed against competition in the Danish West India Islands from any other cable company, subject however to the condition that the cable connection which exists already in St. Thomas, belonging to another company, may be made use of, when the connections of "The West India & Panama Telegraph Company, Ltd." are interrupted or out of order.

3. The position which is guaranteed the company does not debar any other company from being granted both a concession and a monopoly for establishing wireless telegraphy for communicating with ships, as well as for communicating from land to land.

4. The company is subject to the regulations of the ordinance of 18th April 1910 concerning telegraphs in the Danish West India Islands (wireless and radio-telegraphs included).

To which all concerned have to conform.

GOVERNMENT OF THE DANISH WEST INDIA ISLANDS,

St. Thomas the 1st February 1915.

Under my Hand and the Seal of Government.

HELVEG LARSEN (seal)
BAUMANN

File No. 711.5914/95

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, August 15, 1916, 2 p. m.

303. Your 146, August 11, 4. p. m. Saw Andersen the responsible representative of the West India Company and of the East Asiatic Company in the presence of the Minister for Foreign Affairs at

eleven forty-five this morning. Mr. Andersen asserts that the concession lapsed and became a grant for commercial purposes to his corporation without monopoly or promise of monopoly as will be seen by the documents from the Minister of Finance who has jurisdiction over the islands. Substance of these documents will be cabled. When the concession was made, no time was mentioned; there was a verbal understanding that no competition should be encouraged. Mr. Andersen who is really the most influential man in Denmark adds that his company will be as greatly pleased to continue the work under the laws of the United States as under those of Denmark.

EGAN

File No. 711.5914/98

AMERICAN LEGATION,
Copenhagen, August 16, 1916, 1 p. m.

306. Referring to the Legation's number 303. Minister of Finance officially gives the following answer in writing to my question whether the permissions mentioned in the communications from the Ministry of Finance of October 2 and October 11, 1912, have been canceled by the official order of January 31, 1913:

The implied promise contained in the communications of October 2 and October 11, 1912, from the Ministry of Finance to the company for the use of an area within St. Thomas harbor is not of individual *selvstaending* importance. The said implied promise is embodied in a communication in writing of January 18, 1913, to the West India Company of which communication a copy has been previously submitted.

We enclose a copy of the ordinance of April 1 mentioned in the communication, by which materials imported for the purpose of the improvements of St. Thomas harbor are exempted from duties and dues.

Aforementioned ordinance follows:

Amalienborg, April 1, 1913. We Christian the tenth by the Grace of God, King of Denmark, etc., hereby make known: the Colonial Council of St. Thomas and St. Jan have adopted and we have hereby given our consent to the following ordinance:

The Colonial Government is hereby authorized within a period of ten years reckoned from the first day of January 1913 to grant exemptions from duty on every kind of materials, *inter alia* working utensils and machines, which are imported to St. Thomas for use in the considerable improvements which it is intended to carry out there to supply and facilitate vessels touching at the said port, or otherwise to further the shipping trade of the said harbor.

The Ministry of Finance in answer to my further questions have written as follows:

The West India Company have by a communication in writing of January 18, 1913, been allowed to reclaim certain areas in St. Thomas harbor and to construct basins there in consequence of which—as also mentioned in the communication have been [apparent omission] unlimited possession of the said areas, no right of preemption being reserved to the Government.

In a communication of April 16, 1913, from the Ministry of Finance to the West India Company they state that "The Ministry shall be willing within a certain time, as to the duration of which the company is requested to propose a date, to promise to abstain from granting concessions to other companies to carry on commercial or industrial enterprises or to construct plants for shipping purposes in St. Thomas harbor, provided that the plants and facilities established by the company will be sufficient." The company have not since proposed any time within which no other concessions should be granted and consequently the Ministry has not had any occasion to fulfill the promise it was willing to give according to said communication.

EGAN

File No. 711.5914/137

Minister Egan to the Secretary of State

No. 946

AMERICAN LEGATION,
Copenhagen, August 17, 1916.

SIR: Referring to the Legation's despatch No. 943 of August 9, 1916, I have the honor to enclose a copy and translation of the ordinance of April 1, 1913, the substance of which was telegraphed the Department in my despatch No. 306 of August 16, 1 p. m.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure—Translation]

Ordinance (No.16—1913) regarding exemption from duty and dues on materials imported by vessels for the purpose of improvement of St. Thomas Harbor.

We, Christian the Tenth, by the Grace of God King of Denmark, the Wends and the Goths, Duke of Sleswick, Holstein, Stormarn and Ditmarsken, Lauenburg and Oldenburg, hereby make known:—The Colonial Council of St. Thomas and St. Jan have adopted and We have hereby given Our consent to the following ordinance:—

The Colonial Government is hereby authorized within a period of ten years reckoned from the first day of January 1913 to grant exemptions from duty on every kind of materials, *inter alia* working utensils and machines which are imported to St. Thomas for use in the considerable improvements which it is intended to carry out there to supply and facilitate vessels touching at the said port, or otherwise to further shipping trade of the said harbor.

All and Everybody to comply with the foresaid.

Given at AMALIEBORG, *April 1st, 1913.* Under Our Royal Hand and Seal.

CHRISTIAN R. (L. S.)
N. NEERGAARD

File No. 711.5914/100a.

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, August 18, 1916, 5 p. m.

150. Article 2 of the Danish Treaty provides:

Congregations belonging to the Danish National Church shall retain the undisturbed use of the churches which are now used by them, together with the parsonages appertaining thereunto and other appurtenances, including the funds allotted to the churches.

Senate Committee inquires, First, where the title to the church properties and parsonages reposes, whether in the Danish Government or some official thereof, in the Colonial Government or some official thereof, or in the Church as an ecclesiastical organization or corporation; Second, similarly, where the title to the funds mentioned reposes; Third, what is amount of funds, of what do they consist or in what invested and in whose control are they? Question involved is constitutional right of Congress to hold property of religious institutions.

Please obtain this information officially and telegraph it to me at the very earliest possible moment for the use of the Senate Committee. Before Monday noon if possible.

Papers in your mail despatch No. 915 March 27th do not give period for which concession to Ejnar Svendsen runs nor remaining specifications for the execution of the concession to be determined by the Government of the Danish West Indies. Please obtain this information officially in documentary form if possible, and cable report, but do not let this delay obtaining foregoing information for Senate Committee.

I have not heard from you regarding the letters referred to in the letter of the Minister of Finance of April 16, 1913 regarding St. Thomas harbor concession.

Answer foregoing in order and in separate telegrams.

LANSING

File No. 711.5914/108

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

Copenhagen, August 21, 1916, 10 p. m.

318. Your 150, August 18, 5 p. m. Have just received the following from Minister of Foreign Affairs:

The churches in the Danish West Indies which belong to the established church are owned by the Danish State and the expenses connected with their maintenance and repairs are granted in the annual budgets. The church on King's Hill however forms an exception: the said church was built by an association in this country, the West India Church Union "den Vestindiske Cosesag" which union still owns it and keeps it in repair but the State defrays the stipend to the clergymen appointees this church.

The endowments, if any, bestowed on the churches are not comprised in the annual estimate of income and expenditure of the state, in consequence of which no mention is made therein of their amounts. However they must be supposed to belong to the congregations of the churches concerned. These congregations through their vestries decide upon the application of these resources. The said resources are not considered to be very large.

The control of the aforesaid resources is exercised by the congregation concerned, each congregation deciding the manner in which the said control is to be exercised.

Minister of Foreign Affairs adds that efforts will be made to procure further particulars as soon as possible.

AMERICAN MINISTER

File No. 711.5914/107

AMERICAN LEGATION,

Copenhagen, August 21, 1916, midnight.

320. Your 150, August 18, 5 p. m. Minister of Foreign Affairs informs me.

The concession of July 16th, 1915, from the Ministry of Finance to Ejnar Svendsen, as the Government of the United States is aware, does not mention a period for which the concession runs nor the remaining specifications for the execution of the concession, those particulars being regulated by the Government of the islands. In order to furnish the information requested by your Government as quickly as possible, I have ordered today by telegraph the Government of the islands to send if possible by telegram a copy of the conditions on which the execution of the concession has been granted, to the Danish Minister at Washington for further information to your Government.

AMERICAN MINISTER

File No. 711.5914/113

The Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, August 21, 1916.

In your note of March 2, 1916, enclosure number one; last paragraph, I find the following:

According to the Government's account for 1914-15, page 296, the Danish Government's Treasury has to its credit in the West India colonial funds (banks), according to an intermediate calculation of March 31, 1915, the sum of 79,671.60 kronen, the government's own balance being 110,902.16 kronen.

Please telegraph me at earliest moment meaning of "the government's own balance being 110,902.16 kronen." Does this represent the amount due the colonial treasuries according to the Danish Government's account or does it mean that the account of the Danish Government and the account of the colonial treasuries are in disagreement in respect to the two sums mentioned?

ROBERT LANSING

File No. 711.5914/108

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, August 22, 1916, 5 p. m.

153. Your 318, August 21st. Foreign Minister's reply does not cover all of the specific questions in my 150 of August 18th. If the clause in Article II regarding churches contemplates that this Government shall assist in the maintenance of the churches and church properties by appropriations for maintenance, repairs, and salaries of clergymen, it will be impossible to make the treaty effective, as such acts would be contrary to the Constitution of the United States. If the clause in question does not contemplate the foregoing, I believe it is important to exclude this interpretation by an exchange of notes. Please take this matter up with the Foreign Minister at the earliest moment, as it is of the utmost importance to the success of the treaty to have this point settled, so that no constitutional question will arise. In addition to my questions under second and third in my 150, August 18th, please ascertain who has custody of these funds or endowments, as this Government can not act as trustee for a religious association or corporation.

Telegraph answer as soon as possible and very fully.

LANSING

File No. 711.5914/110

The Danish Minister to the Secretary of State

[Telegram]

DANISH LEGATION,
Bar Harbor, August 22, 1916.

Your telegram August 21st. The paragraph you mention has been incorrectly translated. I beg to offer the following as a correct translation:

According to the accounts of receipts and expenditures of the Government (of Denmark) for 1914-15, page 295, the Danish Government Treasury has to its credit with the West India colonial treasuries, in accordance with the current account between them as made up per March 31, 1915, the sum of 79,671.60 kroner and its own cash balance with the *Gouvernement* (of the Danish West India Islands) amounting to 110,902.16 kroner.

The Government of the islands has always been designated by the foreign word the *gouvernement*. I believe this translation will make the meaning perfectly clear.

BRUN

File No. 711.5914/110

The Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, August 22, 1916.

Your telegram August 22. Is the amount of 110,902.16 kroner in addition to the sum of 79,671.61 kroner? Am I to understand that the former amount is owed to the Danish Government by the Government of the Danish West Indies, and that it is on deposit in the islands? If so, I understand that the Danish West Indies is debtor to the Danish Government in the sum of these two amounts.

ROBERT LANSING

File No. 711.5914/245

The Secretary of State to Senator Stone

DEPARTMENT OF STATE,
Washington, August 22, 1916.

MY DEAR SENATOR STONE: I have received your memorandum requesting further information in regard to the following articles of the proposed treaty with Denmark ceding to the United States the Danish West India Islands: Article 2, Article 3, Article 6, Article 8, Clause 3, Article 9, and Article 10.

In reply, I have had prepared and enclose herewith a summary memorandum which, I believe, contains the information that you desire. If I can be of further assistance to you or can furnish you with any copies of the original documents from which the enclosed memorandum was compiled, I shall, as you know, be very glad to do so.

I am [etc.]

ROBERT LANSING

[Inclosure—Summary Memorandum]

Treaty ceding Danish West Indies to the United States

ARTICLE II. In regard to the last paragraph of this article, the American Minister in Copenhagen telegraphs the following note which he has received on this point from the Minister of Foreign Affairs: [Not printed. See telegram No. 318, August 21, 1916, from the American Minister.]

As Article II reserves to the congregations merely the use of the churches, parsonages, and funds, it seems clear that the United States Government is not obligated by this article to continue the appropriations which Denmark has heretofore made for the maintenance and repairs of the properties and the salaries of

the clergymen, and that there would be no obligation upon the United States Government to appropriate additional sums toward the maintenance of the "funds", to take title to these funds, or to take part in their dispensation. Department is making efforts to procure further particulars in regard to these matters at the earliest moment.

It may be stated that in the negotiations for the treaty of 1902, the Danish Government appeared to regard such funds as not belonging to the Danish State and therefore not passing to the United States if inserted in that treaty. The church properties, however (three in number), of the Established Church being owned by the Danish State, will pass to the United States under the proposed treaty, but there appears to be nothing in the treaty to prevent the transfer of the churches and church properties to the congregations for their use.

ARTICLE III. (1) This provision is taken from Article II of the unratified Treaty of 1902, with which it is practically identical.

(2) This provision is new, and appears to be chiefly of sentimental significance.

(3) The exact amount of the pecuniary claims, if any, held by Denmark against the colonial treasuries of the islands, has not been calculated, but whatever they are, the United States assumes, with one exception, no responsibility in regard to them. A somewhat similar provision occurred in Article I of the Treaty of 1902, but without the exception mentioned in this article. Under this exception, whatever current amount may be found due the Danish Treasury in settlement of the accounts of the West Indies of the present year up to the date of the cession of the islands, is to be paid to the Danish Treasury. From the Government account of 1914-15, it appears, as the Danish Government states, that on March 31, 1915, it had to its credit in the West Indies treasuries the sum of 79,671.60 kroner, and a cash balance of 110,902.16 kroner. The article provides that if there is a balance in favor of the colonial treasuries, the Danish Treasury shall pay that amount to the colonial treasuries.

ARTICLE III. (4) The following grants, concessions, etc. are the only ones in regard to which the United States assumes the obligations of the Danish Government. In the same way the 1902 Treaty assumed the obligations of the Danish Government in respect to the floating dock concession and the West India and Panama Telegraph concession, but excepted the Sugar Boileries concession. So far as we know, there were no other concessions then in existence. The Sugar Boileries concession has been closed up, as the Danish Government states, by the Law of April 24, 1903, providing a means of settlement satisfactory to the shareholders, and the St. Thomas colonial treasuries. The assumption of the obligations in connection with the following concessions is regarded by Denmark as an essential part of the consideration for the cession, and as justly due to the business interests of the islands, which are naturally apprehensive as to the consequences attendant upon a transfer of sovereignty to the United States. A brief summary of the Sugar Boileries concession and its settlement is given at the end of the following concessions.

ARTICLE III. (4a) St. Thomas Harbor Improvement.

On July 7, 1912, by royal decree under the law of May 25, 1912, the right was granted to a consortium for 99 years to dam in the areas in St. Thomas Harbor marked in red on a plan annexed to the concession; to reclaim these areas, and to own exclusively the areas reclaimed, except for conflicting private rights which might be expropriated; and to have the exclusive right to utilize the basins constructed (dredged) marked in blue on the same plan; to charge wharfage, warehousing, and stake dues alike on all vessels which use these facilities; to construct a mole to St. Ruppert's Rocks to be utilized in the same way; to construct and operate one or more floating docks, than which no permit for the operation of another floating dock will be granted. The foregoing grants were to be free from competition save for existing grants, and rights needing no concession for their exercise. Concessionaire has right to erect tanks for liquid fuel for ships on these areas, right to give pilot service for the harbor, erect light-houses, free importation of his building materials, etc. The usual pilot and harbor dues, however, shall be paid into the harbor treasury according to the prevailing rates. Government had right to buy up concession at end of 60, 70, 80, and 90 years from date of completion of certain works, and also at expiration of concession at appraised value. Company had the preferential right to establish electric light and power plant, refrigerating plant, water-works, street-car power house, wireless stations, etc. on St. Thomas; and various other rights. This concession was totally annulled January 31, 1913.

After it became known that it would be unable to carry out the terms of the concession of July 7th, the West India Company, on January 6, 1913, requested the transfer to it of the more limited privileges granted to the consortium for the

drainage and deepening of an area within St. Thomas Harbor mentioned in letters of the Minister of Finance dated October 2, 11, and 14,¹⁶ 1912, to the consortium. In reply, January 18, 1913,¹⁷ the Minister of Finance granted to a new company with a domicile in Copenhagen and the majority of the board of directors Danish subjects, permission "to embank the areas in St. Thomas Harbor which are marked in red on the plan which accompanied the concession of July 7th of last year * * * so that when these land areas are reclaimed, the company shall have free and unrestricted ownership thereof," subject to private rights, and granted "the exclusive right to utilize the basins dredged according to the aforementioned plan," and authorized company "to charge wharfage, stake dues, and other similar dues from vessels which come up to the wharves or otherwise utilize the basins * * * according to previously fixed rates which must be uniform to all," and gave permission "to erect tanks for liquid fuel for ships on the area belonging to it" subject to certain safety restrictions. Pilotage and harbor dues, however, are to be paid into the harbor treasury by ships coming into the harbor and using the facilities constructed by the company. The Minister referred to the law of January 1, 1913, giving the Government the right by decree to exempt from customs duties and harbor dues for ten years from January 1, 1913, all materials imported into St. Thomas for the installation there of considered plants intended to supply or serve ships entering the harbor, or which are otherwise calculated to further navigation in the harbor. On April 1, 1913, a decree was issued putting this law into effect. By letter of April 16, 1913,¹⁸ the Minister of Finance informed the company that the plans for the extension of the present area of St. Thomas Harbor by making Gregorie and the two Gregorie canals part of the harbor, would not be carried out, because the company regarded them as threatening to its purposes and future. The Minister of Finance expressed himself as "ready to give his permission that, with a certain period (regarding which we would ask the company for a suggestion) and provided that the company's establishment proves adequate to attend to the expected increased traffic, we will not give any other companies any concessions for commercial, industrial, or navigational establishments in St. Thomas Harbor." The Department is informed that this concession is without monopoly or promise of monopoly. The Danish Government states that period within which other companies should not be granted concessions in St. Thomas Harbor was never agreed upon, and that the letters of January 18, 1913, and April 16, 1913, mentioned above, set forth all of the rights of the West India Company.

ARTICLE III. (4b) Agreement between Communes of St. Thomas and St. Jan and the West Indies Company to furnish the City of Charlotte Amalie with electric light.

On August 10 and 14, 1914, the Minister of Finance of Denmark, apparently in behalf of the communes of St. Thomas and St. Jan, entered into an agreement with the West Indies Company, whereby the latter undertook from April 1, 1915, under certain conditions, to light the streets of Charlotte Amalie with electric lights and to furnish other current to private persons and the public. After ten years, if the commune desires to take over the lighting system or if the company desires to become free from its obligation, the commune may then take over the system upon a payment of a sum equal to the capital invested less a deduction of 5% at the end of each calendar year. The Company agrees to comply at all times with the laws and regulations in force in regard to establishments of this kind. (Contract of August 10 and 14, 1915.)

ARTICLE III. (4c) Floating Dock in St. Thomas Harbor.

Royal Decree of February 2, 1897, authorized the Government of the West Indian Islands to grant a concession for the exploitation of an iron floating dock in St. Thomas Harbor for 21 years to the "Floating Dock Company of St. Thomas, Ltd." On March 12, 1897, the West Indian Government granted the concession for a period of 21 years from March 12, 1897, to "Floating Dock Company of St. Thomas, Ltd." Later it was transferred to the St. Thomas Dock, Engineering and Coaling Company, Ltd. The proposed dock was to be 250 x 70 feet, with a capacity of 3,000 English tons. Company is to fix its own rules and fees for use of dock so long as they do not interfere with order and security in the harbor, and apply to vessels of all nations alike. Danish warships and mail ships of all nations have preferential right to use the dock. If there is no neglect in keeping the dock in a usable condition, the Danish Government will not permit any other floating dock in the St. Thomas Harbor for vessels

¹⁶Inclosures to despatch No. 943, August 9, 1916, *ante*.

¹⁷Inclosure to despatch No. 915, March 27, 1916, *ante*.

¹⁸*Idem*.

over 200 tons, but the concession does not affect the floating dock already existing, or its improvement. If defects hindering the use of the dock are not remedied within a period to be set by referees, unless there is no negligence, the concession may be forfeited. The company may not move its dock away from the island unless it has failed to yield any profit for three consecutive years. Interpretation of concession rests with the Government. (Ministry of Finance, February 19, 1901; Original concession papers.)¹⁸

ARTICLE III. (4d) West India and Panama Telegraph Company, Ltd.

By Royal decree of November 30, 1914, the yearly subsidy hitherto granted to the Company, amounting to 15,000 francs, from the St. Thomas colonial treasury, and 5,000 francs from the St. Croix colonial treasury, was insured to the company for a period of 10 years from April 1, 1915, on conditions mentioned in the decree of November 2, 1885, provided the company maintains throughout said period the maximum prices for the transmission of telegrams stated in the decree. The decree also insured the company against competition from any other cable company for the same period of ten years (but the existing line on St. Thomas belonging to another company may be used whenever the connections of the West India and Panama Company are interrupted or deranged). The decree reserved to the Government the privilege to grant concession for wireless telegraphy. The company is subject to the decree of April 18, 1910, regarding telegraphs in the Danish West India Islands.

ARTICLE III. (4e) Concession to K. B. Hey for telephone system on St. Thomas Island. By Royal decree of September 18, 1906, and grant thereunder of the Governor of the Danish West Indies of November 3, 1906, K. B. Hey was given the exclusive privilege to establish and operate telephones on St. Thomas Island for a period of twenty years from November 3, 1906, subject to the right of the commune to take over the plant and concession upon the payment of indemnity. The concession was later transferred to "St. Thomas Telephone Company". This concession excepts telephone systems exclusively used by the commune or communal institutions, and under certain conditions private individual systems. The concessionaire is not obliged "to pay anything to the commune except such indemnities as may be due the commune" for damages, etc. There are restrictions regarding access to private property.

The Government reserved the following rights:

- To fix the maximum rates;
- To require extensions and improvements;
- To prescribe with respect to the operation of the plant;
- To require explanations about the plant and to have access thereto;
- To prescribe rules and conditions for connecting with telegraph companies;
- To approve in certain cases resort to proceedings to install on private property and to determine compensation therefor;
- To prescribe conditions for the acceptance of subscribers, if circumstances warrant;
- To determine disputes with other electric lines (telegraph, lighting, etc.) as to right of way, etc.
- To consent to complaints of violations of the provisions of the concession, punishable by fine;
- To supervise the installations and their operations;
- To decide upon complaints by the public regarding the attitude of the concessionaire or his employees;
- To determine further rules for supervision over the concessionaire;
- To approve bonds given by employees, not to divulge information, etc.;
- To demand the discharge of employees who have committed such acts which are described;
- To declare the concession forfeited if the concessionaire fails to comply with instructions lawfully given by the Government, or if he fails without necessity to operate the system; in either case the Government may operate the system;
- To impose a fine not over 500 francs upon the concessionaire for violations of the concession, and
- To construe the meaning of the concession.

The concession provides that the grant shall not be transferred or leased to any other party without consent of the "Government for the Danish West Indies." (Governor's grant of November 3, 1906.)

ARTICLE III. (4f) Grant to the St. Croix Commune to establish and operate telephones on St. Croix Island.

¹⁸ *Idem*.

In pursuance of authority in Ordinance No. 30 of August 21, 1908, the Governor of the Danish West Indies granted on February 28, 1913, to the municipality of St. Croix, an exclusive concession to establish and operate telephones in St. Croix Island for twenty years from February 28, 1913, upon certain conditions, and subject to the laws and regulations relative to telephones. Government-owned and certain private telephones are excepted, but otherwise any telephone lines erected may be confiscated, and owners fined, but complaint can only be entered at the request of the Government. Passage over or under private property is regulated, provision is made for indemnifying damages. A bond is required of employees not to divulge information from the telephones. Employees divulging such information are subject to fine and dismissal. There is a provision for the concessionaire to take over the telegraph systems of St. Croix. The concession shall not be transferred or leased without the consent of the Government of the Danish West Indian Islands. There is a provision that the concession can be declared forfeited by the Government if the concessionaire does not within the time allotted by the Government comply with its lawful orders. The concession is to be interpreted by the Government. (Governor's decree February 28 A1B)

ARTICLE III. (4g) Concession to Ejnar Svendsen for electric plant in Christianssted, St. Croix.

On July 16, 1915, the Minister of Finance granted to Ejnar Svendsen a non-exclusive concession for the establishment and operation of an electric plant for the supply of electric light to Christianssted, St. Croix. The remaining specifications for the execution of the concession are to be determined by the Government of the Danish West Indies. (Concession and letter of Minister of Finance, July 16, 1915.)¹⁹

ARTICLE III. (4h) Concession for the establishment of the Danish West Indian Bank of Issue. Acting under the Danish Law of March 29, 1904, the Minister of Finance on June 20, 1904, granted a concession for a period of thirty years to a group of banks consisting of the National Bank of Copenhagen, the Private Bank of Copenhagen, the Danish Farmers Bank, the Mortgage and Exchange Bank, and the Copenhagen Commercial Bank, for the establishment in the Danish West Indies of a joint-stock bank under the name of the Danish West Indian Bank of Issue, which will have for its object the promotion of the economic development of the islands, and which shall have the sole right for thirty years, upon showing specified specie reserve and realizable assets, to issue notes which shall be legal tender and exchangeable by the holder upon demand for gold coin. If the bank becomes unable to fulfill its obligations, the concession shall be forfeited.

The capital stock was 5,000,000 francs, at least one-quarter to be paid in cash, the remainder to be covered by certificates of guarantee of the four banks composing the group, which are to be deposited with the Minister of Finance. The Minister of Finance, when he deems it necessary to fulfill the obligations of the bank, may require further cash payments on the capital stock, in which case the certificates of guarantee shall be credited with the corresponding amount. The Danish Government or the Minister of Finance reserve the right to consent to an increase of the capital stock, to call in the old Danish West India bills of credit of 1849 within a certain period (April 30, 1907), to prescribe rules for loan business, to choose two of the seven members of the bank council and one substitute member, to set aside resolutions of the council contrary to the by-laws, to appoint one of the two auditors of the bank, to prescribe rules to govern the auditors' supervision of the bank, to determine the by-laws of the bank, to withdraw or restrict the right to issue notes, in which case the bank is entitled to demand that the Government take over the bank, the assets and liabilities of the bank, redeem the capital stock at par plus the amount of profits received by stockholder over 4% per annum, but in no case over 125%—to construe the meaning of the concession.

The by-laws further reserve to the Minister of Finance or the Government the right to approve the form and denomination of the notes, to demand proof that the bank is observing the rules, by-laws, etc., to approve amendments to the by-laws, to annul resolution contrary to the by-laws, to decide questions arising out of the preparation of annual account of the bank, and to proceed against the bank for failure to live up to its obligations under the law of March 29, 1904, and the by-laws. The by-laws further provide that in case one-third of the capital stock is lost, the bank may relinquish the right to issue notes upon two years' notice to the Minister of Finance, and thereafter to pass a resolution for dissolution. The by-laws contain numerous other details.

¹⁹ Inclosure to despatch No 945, March 27, 1916, *ante*.

The specie reserve shall consist of legal-tender coin of the islands, gold in bars, and foreign gold coin and bills payable on demand at the National Bank of Copenhagen. Other assets or securities may be pawn certificates, bills of exchange, debts in foreign banks, public interest-bearing paper, Danish West Indies Bill of Credit, and Bank's own mortgage bond.

The bank shall pay an annual tax to the Danish Government of 10% of the annual surplus of the bank, for which payment bank may use the old Danish West India notes of 1849 which it has redeemed. As long as the tax is paid in bills of credit, the bank may deduct from the tax a sum equal to the interest at 4% on three-eighths of the bills of credit held in the bank from the date of redemption to date of paying this tax. Denmark agrees, in a communication of July 18, 1916, to redeem the bills of credit redeemed by the bank, and amounting on March 31, 1916, to 442,610 francs. The bank shall be obliged to receive free of charge all revenues of the islands and make all expenditures in the islands on account of the Danish Treasury or the colonial treasury, under rules to be adopted by the Minister of Finance; shall not issue notes in excess of 10,000,000 francs under certain condition; shall keep a specie reserve amounting to 30% of the notes in circulation in the bank's main office, and the remainder in the National Bank at Copenhagen. (Concessions and by-laws of Bank; Danish note of July 18, 1916.)⁷

ARTICLE III. (4i) St. Thomas Harbor Loan, 1910.

Under authority of the law of April 30, 1909, No. 87, the Danish Government guaranteed the payment of the interest and redemption of a loan originally amounting to 500,000 fr. (the remainder on March 31, 1914, being 453,000 fr.) known as the St. Thomas Harbor 4% Loan of 1910, and made by the harbor council for the purpose of deepening the harbor of St. Thomas. The harbor council authorized the Ministry of Finance to conclude the loan agreement, which it did. The Danish West India Bank agreed to furnish the loan at 98% to be represented by 500 bonds of 1,000 fr. each, marked with the government guarantee and signed by the harbor council as debtor, and exempt from stamp tax. The loan runs 21½ years from December 11, 1910, and bears 7% interest and redemption per annum, of which 4% shall be interest and the remainder redemption. (Letters between Council of Danish West Indian National Bank and Ministry of Finance, February 3, August 6, August 13, 1910; copy of a bond.)²⁰

St. Croix Joint Sugar Boileries:

Under the law of February 25, 1876, the Danish Government granted a loan to the St. Croix Joint Sugar Boileries Corporation, which in the Government account for 1899-1900 amounted to 1,414,784.57 Kr., secured by first mortgage on all the property of the company in the West Indies, including operating equipment and inventory. The company was to make a yearly payment on the loan, of which 5% per year of the amount due was to be interest and the remainder sinking fund. The interest in arrears on March 31, 1900, was 878,436.67 Kr. One of the conditions of the Danish Government granting the loan was that the St. Croix Colonial Treasury should guarantee the fulfillment of the obligations of the company arising from the loan, and this was done by St. Croix Order No. 24 of June 16, 1876, "but it never became effective." (Ministry of Finance, February 19, 1901.)

The St. Croix Colonial Treasury also guaranteed to the stockholders of the company 5% per annum interest on their stock. The stockholders, however, have never received any interest or profit from the company, and the guarantee has never been made effective, as the colonial treasury was not able to satisfy it. It is suggested that this guarantee may be assumed by the Danish Government in case of a cession of the islands. The amount of interest due under this guarantee was 45,275.98 dollars in the 1899-1900 budget. But this figure in the budget is explained as including both the guarantee of St. Croix to the Danish Government and to the stockholders, this amount appearing in the budgets unchanged since 1884-5, but never being paid. (Minister of Finance, February 19, 1901.)

The Department is assured by the Danish Government that this matter is closed by the law of April 24, 1903, providing for a means of settlement whereby the shareholders have been fully satisfied in respect to all claims, including all claims against the St. Thomas Colonial Treasury on account of the interest guarantee under the decree of 1876. (Danish memorandum of June 28, 1916.)

⁷Printed ante.

²⁰Inclusures to despatch No. 915 March 27, 1916.

ARTICLE III. (5) This provision is practically the same as that in Article II of the unratified Treaty of 1902. Its object is to save to Denmark the private debts due her by individuals at the date of cession. In order to prevent future holdings of Danish property taken over for debts of private persons, a provision is added that any such property shall be sold within two years and the proceeds removed from the islands, or otherwise the United States will sell such properties on behalf of the Danish Government.

ARTICLE III. (6) This provision is almost exactly the same as that in Article IV of the unratified Treaty of 1902. The last budget, for March 31, 1916, provided for about 30,000 francs for such pensions.

ARTICLE VI. This article is taken almost bodily from Article III of the unratified Treaty of 1902—the only important differences being the provision that parents or guardians of children under eighteen years of age may make their declarations of allegiance, and the change of two years to one year within which the election of allegiance must be made.

The provision in the second sentence is the result of a compromise. The Danish Government objected to its subjects—the native inhabitants of the islands—being placed on a par with other aliens. The United States Government could not guarantee them the same rights which American citizens have in advance of the citizenship being conferred upon the inhabitants of the islands who transfer their allegiance to the United States. Consequently a middle ground was sought, by which aliens of Danish nationality in the islands will at least enjoy no fewer rights and privileges than at the present time. It seems that an effort was made to attain a similar object in the Treaty of 1803 ceding Louisiana to the United States. In this connection, it should be borne in mind that the Danish subjects in the islands have had no voice in the proposed transfer of the sovereignty of the islands to the United States, and that many inconveniences must necessarily result to them if they retain Danish allegiance after the transfer.

The second paragraph of this article is the usual one in cessions of territory to the United States. It is exactly the same as the corresponding provision in the unratified Treaty of 1902, and similar to that in the Treaty with Spain of 1898.

ARTICLE VIII. This article provides for the execution of judgments already rendered in both civil and criminal cases, and the continuance of civil and criminal suits still pending at the date of cession before the courts in the islands or before the superior courts in Denmark. These provisions are substantially the same as those of Article XII of the Treaty with Spain of 1898, except the second paragraph of Section I, which seems to be a reasonable addition.

ARTICLE X. The treaties extended by this article to the Danish West Indies as a part of American territory are:

Convention of Friendship, Commerce, and Navigation of 1826;

Consular Convention of 1861; (Under the Seaman's Act this Government has given notice to Denmark that the articles of this treaty in conflict with that act will be abrogated. Denmark has accepted this condition of affairs).

Naturalization Convention of 1872;

Trade Marks Convention of 1892;

Extradition Treaties of 1902 and 1905;

Peace Treaty of 1914.

ARTICLE IX. This is the usual provision for securing the rights of copyright and patent upon change of sovereignty. It occurs in almost exactly this same language in Article XIII of the Treaty with Spain of 1898. Without such a provision, Danish subjects in the islands might be held to have lost whatever rights they now hold in patents and copyrights under Danish laws.

File No. 711.5914/112

The Danish Minister to the Secretary of State

[Telegram]

DANISH LEGATION,
Bar Harbor, August 23, 1916.

Your second telegram August 22nd. Yes, that is exactly the way I understand the paragraph in question—that the Danish West Indies were on March 31, 1915, debtor to the Danish Government in the sum of these two amounts.

BRUN

File No. 711.5914/115

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, August 23, 1916, 4 p. m.

323. *National Tidende* of last night had a communication in answer to an alleged question put to the President and answered by a high official of the Department to the effect that the question of the payment of twenty five million dollars is delaying the passing of the treaty and that it is doubtful whether the treaty will be passed this session. At this moment of difficulty when all our best interest points to the ratification of the treaty here such a communication does great harm and the impression that the treaty may not be ratified during the present session is rather embarrassing. The amount doubtless seems large but every diplomatist here admits the islands will be eventually absolutely necessary to us.

EGAN

File No. 711.5914/115

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, August 24, 1916, 3 p. m.

155. Your 323, August 23d, 4 p. m. So far as I know, no such question has been put to the President, and I am certain no official of the Department has made any statement of the kind indicated. So far as I know, there is nothing to indicate that the Senate will not approve the treaty before adjournment.

You may use this information in your discretion to counteract any impression that the treaty may not be ratified during the present session.

LANSING

File No. 711.5914/117

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, August 24, 1916, 5 p. m.

323. With reference to your 153 August 22, 5 p. m. Foreign Minister informs me that it is not the intention of his Government that the United States shall assume the responsibility for the church funds or the salaries of clergymen etc.; the clause in the treaty is intended only to safe-guard them. The United States Government is not expected to act as trustee for any ecclesiastical funds. Official documents will follow. There is no objection to an exchange of notes.

EGAN

AMERICAN LEGATION,
Copenhagen, August 24, 1916, 11 a. m.

325. Your 153, August 22, 5 p. m. Foreign Minister informs me in writing as follows:

The Danish Government has not understood the clause in question as imposing upon the Government of the United States any engagement to assist in the

maintenance of the churches and church property by appropriations for the maintenance, repairs and salaries of clergymen or to act as trustee for the religious associations or corporations concerned.—ERIK SCAVENIUS.

EGAN

File No. 711.5914/121

AMERICAN LEGATION,
Copenhagen, August 24, 1916, midnight.

326. Your 153, August 22, 5 p. m. Foreign Minister informs me in writing.

The congregation of Christiansted represented by attendance board for the church society is the owner of a home for old people. Purchase money plus expenses for repairs amounts to twenty thousand francs. The fund for the relief of the poor owns a little more than half of the amount, the residue may be obtained *fass* from an irredeemable loan of public money amounting to nine thousand francs on which annual interest will be paid. The accounts of the fund for the relief of the poor are audited by the Ministry of Finance.

The congregation of Fredericksted owns a mission house valued at ten thousand francs which amount as far as I know has been paid. In addition hereto congregation owns a small home for old people, purchase money of which has been partly paid out of the fund for the relief of the poor. I am unable to state the amount—it may be estimated at about ten thousand Kroner.

The interest accruing from the aforesaid fund for the relief of the poor was formerly divided into small monthly payment, but of late years it has been thought a better plan to invest the money in buildings, thus procuring good and cheap or free habitations for old people.

The congregation of Saint Thomas represented by a board elected by the confirmed members of the congregation owns a mission house valued at twenty-two thousand francs which I suppose has been fully paid now. The house contains good premises in which large meetings may be held in addition to some small flats for old people.

The congregation of Saint Jan has a small mission house worth about three thousand two hundred and fifty francs which has been obtained out of public funds. This amount is being redeemed with three hundred Kroner annually in which is included interest, the building has been conveyed to the Lutheran Sunday School at Saint Jan.

EGAN

File No. 711.5914/122

Consul Payne to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
St. Thomas, August 25, 1916.

By unanimous order local Colonial Council Governor today cabling Copenhagen petitioning immediate sale islands.

AMERICAN CONSUL

File No. 711.5914/123

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, August 25, 1916, 8 p. m.

328. In the Upper House the order of the day, supported by Conservatives and the Left, was:

If the sale of the islands cannot be postponed until after the war, it is moved that the question be decided by a Parliament elected in accordance with the new Constitution.

Forty-two voted for this order, eight against it, one refused to vote, ten were absent.

Petersen, spokesman of the Left in the Upper House, which forms the main opposition to the sale, said:

It would no doubt be best if the islands were sold to the United States. I am convinced that the result of the new election will be that the islands will be sold.

He added that within his party it had been suggested to make an effort to ascertain whether a postponement of the sale until after the war would be considered by the Government of the United States. This proposition had not been accepted by his party.

EGAN

File No. 711.5914/132

AMERICAN LEGATION,
Copenhagen, August 25, 1916, midnight.

329. Your 150, August 18, 5 p. m. Following is *résumé* of four letters referred to in the letter of the Ministry of Finance of April 16, 1913. Letter one:

Letter from the Government of Danish West Indies, Saint Thomas, February 12th, 1913, to Ministry of Finance submitting application dated 5th instant from the West India Oil Company of New York for permission to establish a station for liquid fuel at Saint Thomas and for this purpose to lay down the necessary conduct pipes from the shore to deep water and to build the requisite quays and docks with appliances, *inter alia* oil tanks. The said company is apparently almost identical with the Standard Oil Company, their representative, H. A. Lockhart, being the most important merchant of Saint Thomas. Government requests authorization to grant permission applied for, on conditions nearly identical with those on which Anglo-Mexican Oil Company—under which name Mexican Eagle Oil Company now appears—will be allowed if it desires to carry on business here in pursuance of permission contained in Ministry's cable of November 28th last.

Government is fully aware that the present arrangement whereby vessels must seek anchorage outside the area of the harbor and the roads only in case of distress, see Section 2 of regulations of March 5, 1908, for Saint Thomas Harbor, is narrowing the limits of the harbor, if the traffic should be increased to the degree expected. As may be remembered the western part of the hurricane hole in East Gregori Channel and the western part of Little Krum Bay in West Gregori Channel were mentioned by the Anglo-Mexican Oil Company as one of the places where it might desire to establish its plants; both these places are outside of harbor area.

By letter No. 254 of November 30th last you were informed that the permission granted had been drafted in such a manner that it only concerned the construction in Long Bay while at the same time the company's representative had been informed that if satisfactory settlement with the owners of the coast along Long Bay should prove impossible we would be inclined to try to settle the matter in some other way. When on January 10th last we received an inquiry from the company as to whether the permission was to be understood in the manner that they were not allowed to use Little Krum Bay which they would prefer, we replied that the permission could not be regarded as being strictly confined to Long Bay but that the Governor would prefer to see the company established there, it being the only tract along the harbor abutting on the coast which might be obtained for purposes of the nature contemplated and that large constructions far from the harbor would entail heavy expense in the shape of police and custom supervision for which the West India Company would probably be responsible.

If the Ministry should authorize the Government to grant the West India Company the permission applied for, such permission would be given on the condition that the place where the company would establish their plants should be previously sanctioned by us and if the company should adopt a place outside the area of the harbor we would furthermore reserve to ourselves the right of

charging the company with the expenses to which the State or municipality might be put in consequence thereof.

As to how the constructions thus made outside the harbor are to be finally arranged is a question to which the Government's attention is already directed but about which no mention will be made until the question is brought into the foreground. At present we only beg to state that we would consider it the best solution that the Gregori and the two Gregori Channels be incorporated in the harbor under the control of the harbor authorities and that future harbor enlargements as far as practicable be constructed within the harbor area thus enlarged. We think it will be necessary to deepen the *haulover*, i. e., the channel between the harbor and the Gregori to such an extent that steam launches and lighters passing through this channel would be enabled to proceed from one part of the harbor to the other. We suppose that the expenses connected therewith may be defrayed out of the harbor fund. Finally we request the Ministry to state whether permission like the one formerly desired by the Anglo-Mexican Oil Company and now desired by the West India Oil Company may be granted by the local authorities—the Government or the harbor committee or both jointly—or whether the Ministry itself wants to decide upon this kind of application.

We beg to add that it is a matter of course that the Government is willing to support the West India Company in every way possible in so far as such support is compatible with the interests of the town and the harbor but it has often been very difficult because we are so rarely acquainted with the company's plans. Up to the present time we have only received a scheme for contemplated improvements of Long Bay—enclosed in communication number 483 from the Ministry dated December 5th last—but we know nothing about the other improvements comprised in the abandoned concession which the company intend to carry through now. We take it for granted, however, that the company will deal in liquid fuel but it is not known to what extent. Nor do the Government know whether the company is still desirous of establishing and carrying on a wireless telegraph station. This fact has had the unfortunate consequence that we, on receiving from other quarters a provisional application for the establishment and carrying on of such station, have been unable to take further steps in this matter of such vital importance to the island nor have we been able to give the applicant an encouraging reply. Also some days ago we received an application from E. Svendsen to establish and carry on an electric plant and to supply the town with electric light. Applicant stated that he had spoken to the directors of the aforementioned company on the subject and that they had informed him that they did not intend to supply the town with electric light but beyond this information we do not know anything about the company's attitude.

We are thus placed in a difficult position; we must either suffer applicant to wait for a reply during the time we apply to the company for information as to its future plans in the applicant's line, which is somewhat difficult for us to do, if we believe that applicant concerned seems capable of carrying through his proposed plans, and if the said plans seem beneficial to the islands, or, if we grant applicant permission applied for, we may foil the company's plan, inasmuch as a permission to execute some work is very likely in practice to have the effect of a monopoly although it has never been the intention to create any such monopoly.

Letter No. 2 in substance:

Letters of March 19th, 1913, from Ministry of Finance to the West India Company. Ministry of Finance states that an application from the West India Oil Company of New York has been made to construct a station for liquid fuel in Saint Thomas. It says that Government of Danish West Indies would assist Danish West India Company in every way possible if this Government were sufficiently informed as to the future plans and prospects of the Danish company. Therefore the Ministry of Finance asks the Danish company whether it has any objection to make against the permission being granted to the West India Oil Company of New York.

Letter No. 3 in substance:

Letter from the Government of Danish West Indies, Saint [omission] March 22nd, 1913, to Ministry of Finance stating that it, on application from Ejnar Svendsen, civil engineer of Roskilde, Denmark, for permission to establish and carry on an electric plant to supply the town with electric lights, has granted

him said permission, the Committee for Buildings and Streets having previously sanctioned his application.

Letter No. 4 in substance:

Letter from Ministry of Finance, Copenhagen, April 10, 1913, to the West India Company, Limited. Referring to communications in writing of 26th and 28th ultimo dealing with plans referred to in communication of February 12, 1913, which plans you regard as dangerous to the future prospects and objects of the company, we beg to state as follows: If you wish that the West India Oil Company of New York should not be granted permission applied for to establish oil tanks, we are willing for the present to meet such wish on your part but in that case we must request you to state by whom and in what manner it is thought desirable to establish the oil tanks. Also please inform us of your plans if any to establish wireless telegraphy in Saint Thomas.

Concerning the establishment of electric plant, we do not at present intend to grant such permission except to you—a single person including a joint stock company may be allowed to procure their own supply—and upon the whole no permission will be given for the establishment of works of this kind without consulting you. Furthermore it will be out of the question under the present circumstances to undertake enlargement of Saint Thomas Harbor or its district.

EGAN

File No. 711.5914/130

The Danish Minister to the Secretary of State

DANISH LEGATION,
Bar Harbor, August 25, 1916.

SIR: I have the honor to enclose for your inspection the full-power by which His Majesty the King of Denmark was pleased to authorize me to sign the treaty for the cession to the United States of the Danish West India Islands.⁸

You will notice that the King's signature is dated Copenhagen August 1st, 1916 and that, in accordance with instructions by cable from the Danish Government, I had the honor of signing the treaty with you at New York on August 4th.

I beg that after inspection of this document you will be so good as to return it to me, to be kept with the records of this Legation.

I have [etc.]

C. BRUN

File No. 711.5914/125

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, August 26, 1916, 1 a. m.

330. Foreign Minister says:

In the opinion of the Government a postponement of the question until after the war would be in contravention of the conditions connected with the conclusion of the treaty. We will insist on a new election. After the election the treaty will again be placed before the Rigsdag. In view of the fact that the treaty was passed by the Folkething with the amendment of a referendum and that the Landsting feel that to postpone their decision until after the war or to have it reconsidered after a new election and further that three parties are in favor of the sale—Radicals, Socialists and the Left—it is believed that a new Rigsdag will ratify the treaty irrespective of the results of the election.

Election for members to the Folkething can only take place in October and for the Landsting in November.

EGAN

⁸ Not printed.

File No. 711.5914/127

AMERICAN LEGATION,
Copenhagen, August 26, 1916, 1 p. m.

331. Your 155, August 24th, 3 p. m. Owing to the widely current rumor here that the United States is putting undue pressure on Denmark for the cession within a time limit of the islands, I have been obliged to say authoritatively that there is no such pressure. I referred to the words of the published treaty and said that the only pressure was the expressed wish that the matter might be expedited as soon as possible. Paris *New York Herald* of August 20th in an interview with a distinguished Dane echoes these rumors.

EGAN

File No. 711.5914/149

Minister Egan to the Secretary of State

No. 949

AMERICAN LEGATION,
Copenhagen, August 31, 1916.

SIR: Referring to the Department's telegraphic instruction No. 150 of August 18, 1916, and to the Legation's telegram No. 329 of August 25, 1916, I have the honor to transmit herewith copies and translations of the four letters referred to in the letter of the Minister of Finance of April 16, 1913.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure 1—Translation]

The Government for the Danish West Indian Islands

No. 43a

ST. THOMAS, February 12, 1913.

The Government begs to submit application dated 5th inst. from the West India Oil Company of New York for permission to establish a station for liquid fuel at St. Thomas, and, for this purpose, to lay down the necessary conduct pipes from the shore to deep water and to build the requisite quays and docks with appliances, *inter alia*, oil tanks.

The Government begs to state that the said company, as far as we know, is almost identical with the Standard Oil Company, and that their representative, Mr. H. A. Lockhart, is the most important merchant of this town.

The company, being known as a large and influential concern, it may be taken for granted that, if it should make our city its place of residence, it will draw much shipping trade to this town, in consequence of which we beg to request that we should be authorized to give the permission applied for, on conditions nearly identical with those on which the Anglo-Mexican Oil Company, under which name the Mexican Eagle Oil Company now appears, will be allowed, if it desires, to carry on business here in pursuance of permission contained in the Ministry's cable of November 28 last.

If the Ministry of Finance might wish to comply with the said company's request, viz.: to be informed by wire of the permission, if such will be given, we beg to add that a cable containing the word "Grant" will be understood in the manner that we (the Government) have been invested with authority in this respect.

The Government is fully aware that the present arrangement whereby vessels must seek anchorage outside the area of the harbor and the roads only in case of distress, see Sec. 2 of regulations of March 5th 1908 for St. Thomas' harbor,

is narrowing the limits of the harbor, if the traffic should be increased to the degree expected. As may be remembered, the western part of the "hurricane hole" in "East Gregori Channel", and the western part of "Little Krum Bay" in "West Gregori Channel" were mentioned by the Anglo Mexican Oil Co. as places where it might desire to establish its plants; both these places are outside the harbor area.

By letter No. 254 of November 30th last you were informed that the permission given had been drafted in such a manner that it only concerned the construction in "Long Bay," while, at the same time, the company's representative had been informed, that if a satisfactory settlement with the owners of the coast along "Long Bay" should prove impossible, we would be inclined to try to settle in some other way. When on January 10th last we received an inquiry from the company as to whether the permission was to be understood in the manner that they were not allowed to use "Little Krum Bay," which they would prefer, we replied that the permission could not be regarded as being strictly confined to "Long Bay," but that the Government would prefer to see the company established there, it being the only tract along the harbor abutting on the coast, which might be obtained for purposes of the nature contemplated, and that large constructions far away from the harbor would entail heavy expenses in the shape of police and custom supervision for which the West India Co. would probably be responsible.

If the Ministry should authorize the Government to grant the West India Oil Company the permission applied for, such permission would be given on the condition that the place where the company would establish their plants should be previously sanctioned by us, and if the company should adopt a place outside the area of the harbor, we should furthermore reserve to ourselves the right of charging the company with the expenses to which the State or municipality might be put in consequence thereof.

As to how the constructions thus made outside the harbor are to be finally arranged is a question to which the Government's attention is already directed, but about which no mention will be made until the question is brought to the fore. At the present we only beg to state that we would consider it the best solution that the "Gregori" and the two Gregori Channels be incorporated in the harbor under the control of the harbor authorities, and that future harbor enlargements, as far as practicable, be constructed within the harbor area thus enlarged. We think it will be necessary to deepen the "*haulover*," i. e. the channel between the harbor and the Gregori to such an extent that steam launches and lighters passing through this channel would be enabled to proceed from one part of the harbor to the other. We suppose that the expenses connected therewith may be defrayed out of the harbor fund.

Finally we beg to request the Ministry to state whether a permission like the one formerly desired by the Anglo-Mexican Oil Company and now desired by the West India Oil Company may be granted by the local authorities (the Government, or the harbor committee, or both jointly), or whether the Ministry itself wants to decide upon this kind of applications.

In this connection, we beg to add that it is a matter of course that the Government is willing to support the West India Company in every way possible, in so far as such support is compatible with the interests of the town and the harbor, but it has often been very difficult because we are so rarely acquainted with the company's plans. Up to now we have only received a scheme for the contemplated improvements of Long Bay—inclosed in communication No. 483 from the Ministry dated December 5th last—but we know nothing about the other improvements comprised in the abandoned concession which the company intend to carry through now. We take for granted, however, that the company will deal in liquid fuel, but it is not known to what extent. Nor does the Government know whether the company is still desirous of establishing and carrying on a wireless telegraph station. This fact has had the unfortunate consequence that we, on receiving from other quarters a provisional application for the establishment and carrying on of such station have been unable to take further steps in this matter of such vital importance to the island, nor have we been able to give the applicant an encouraging reply. We have also on another point been placed in a very difficult position on account of our lack of knowledge of the future plans of the company. Some days ago we received an application from a certain E. Svendsen, civil engineer, for permission to establish and carry on an electric plant, and to supply the town with electric light. Mr. Svendsen stated that he had spoken to the directors of the above-mentioned company about the matter, and that they had informed him

that they did not intend to supply the town with electric light, but beyond this information we do not know anything about the company's attitude.

We are thus placed in a difficult situation; we must either suffer the applicant to wait for a reply during the time we apply to the company for information as to its future plans in the applicant's line, which it is somewhat difficult for us to do, if we believe that the applicant concerned seems capable of carrying through his proposed plans, and if the said plans seem beneficial for the islands, or, if we grant the applicant concerned the permission applied for, we may foil the company's plan, inasmuch as a permission to execute some work is very likely in practise to have the effect of a monopoly, although it has never been the intention to create any such monopoly.

L. C. HELWEG-LARSEN
WILL JACOBSEN

[Inclosure 2—Translation]

No. K. 318

MINISTRY OF FINANCE,
Copenhagen, March 19, 1913.

As will appear from the communication in writing of 12th inst. with various enclosures from the Government for the Danish West Indian Islands (No. 43a) an application from "West India Oil Company of New York" for permission to construct a station for liquid fuel etc. in St. Thomas has been lodged with the said Government.

The said Government has, on account of the above-mentioned application, found it opportune to express its willingness and its desire to support the West Indian Company in every way, provided it be compatible with the interests of the port and the town, in which connection the Government has stated that it is very insufficiently informed as to the future plans and prospects of your company. For the purpose of the above it has been thought desirable to place you in a position to set forth such plans as the aforesaid might give rise to.

You are requested to return the enclosures with your reply.

N. NEERGAARD
C. DINES HANSEN

[Inclosure 3—Translation]

No. 76a THE GOVERNMENT FOR THE DANISH WEST INDIAN ISLANDS

St. Thomas, March 22, 1913.

The Government begs to report that it, on application from Ejnar Svendsen, civil engineer, of Roskilde, for permission to establish and carry on an electric plant to supply the town with electric light, has granted Mr. Svendsen the said permission. The committee for buildings and streets had previously sanctioned his application.

Please find enclosed a copy of Mr. Svendsen's application and his license.

HELWEG LARSEN
WILL JACOBSEN

[Inclosure 4—Translation]

K. No. 401 & 433

THE MINISTRY OF FINANCE,
Copenhagen, April 10, 1913.

With reference to communications in writing of the 26th and 28th ult. from you in which various plans dealt with in a communication of February 12th from the Government of the Danish West Indian Islands regarding St. Thomas harbor, are treated more fully, which plans you regard as dangerous for the future prospects and objects of the company, we beg to state as follows:

If you wish that the company mentioned in the Government's aforesaid letter, viz.: the West Indian Oil Company of New York, should not be granted the permission desired, viz.: to establish oil tanks, we are willing, for the present, to meet such wish on your part, but in that case we must request you to state by whom and in what manner it is thought desirable to establish the oil tanks.

At the same time it would be appreciated if you would make us acquainted with your plans, if any, regarding the establishment of wireless telegraphy at St. Thomas.

In so far as the establishment of an electric plant at St. Thomas is concerned, we beg to state that at present we do not intend to grant permission for the establishment of such works except to you—a single person (including a joint-stock company) may be allowed to procure his or their own supply—and, upon the whole, permission will never be given for the establishment of any works of this kind unless you have had an opportunity of giving your opinion about same.

For the purpose of the above we beg to state, that it will be entirely out of the question, under present circumstances, to take steps tending to the enlargement of St. Thomas' harbor or its district.

N. NEERGAARD
C. DINES HANSEN

To the West India Company, Ltd.

File No. 711.5914/138

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, September 4, 1916, 4 p. m.

339. Foreign Minister tells me that there is no doubt about the ratification of the treaty in November. Three parties have agreed to support it; but it will increase the majority if the United States Senate ratifies the treaty as soon as possible. This I look upon as most desirable. A delay may produce other delays here.

EGAN

File No. 711.5914/139

The Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, September 8, 1916.

The treaty which was signed in New York ceding the Danish West Indies to the United States was ratified by the Senate last night by a majority of about six to one. No modification was made in the text of the treaty.

ROBERT LANSING

File No. 711 5914/140

The Danish Minister to the Secretary of State

[Telegram]

DANISH LEGATION,
Bar Harbor, September 8, 1916.

Your telegram to-day. Accept my warmest congratulations upon the successful passage of our West India Treaty by the Senate of the United States.

BRUN

File No. 711:5914/139

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, September 9, 1916, 3 p. m.

164. Department's September 8. Though the text of the treaty has not been modified by the Senate its resolution of ratification provided that the provisions of the convention relating to funds and property of the Danish National Church in the Danish West Indian Islands be interpreted by an exchange of notes between the High Contracting Parties so as to make it plain that the convention is clearly within the constitutional powers of the United States with respect to church establishment and freedom of religion.

In view of this and as I understand from your No. 323 of August 24, that the Foreign Minister is willing to enter into an exchange of notes of this sort, I propose that I write a formal note to the Danish Minister here in the following form.

I have the honor to inform you that the Senate of the United States by its resolution of ratification has advised and consented to the ratification of the convention between the United States and Denmark, ceding to the United States the Danish West Indian Islands, with the following provisos: "Provided, however, that it is declared by the Senate that in advising and consenting to the ratification of the said convention, such advice and consent are given with the understanding, to be expressed as a part of the instrument of ratification, that such convention shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands, or in which the said Church may have an interest, nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said Church, beyond protecting said Church in the possession and use of Church property as stated in said convention, in the same manner and to the same extent only as other churches shall be protected in the possession and use of their several properties. And provided further, that the Senate advises and consents to the ratification of said convention on condition that the attitude of the United States in this particular, as set forth in the above proviso, be made the subject of an exchange of notes between the Governments of the two High Contracting Parties, so as to make it plain that this condition is understood and accepted by the two Governments, the purpose hereof being to bring the said convention clearly within the constitutional powers of the United States with respect to church establishment and freedom of religion."

In view of this resolution of the Senate I have the honor to state that it is understood and accepted by the Government of the United States and the Government of Denmark that the provisions of this Convention referring to the property and funds belonging to the Danish National Church in the Danish West Indian Islands shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands, or in which the said Church may have an interest nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said Church, beyond protecting said Church, in the possession and use of Church property as stated in said convention, in the same manner and to the same extent only as other churches shall be protected in the possession and the use of their several properties.

I trust that your Government will in a formal reply to this communication accept this understanding as to the meaning and construction of the provisions of said convention in accordance with the foregoing resolution of the Senate.

Please bring foregoing to the attention of the Foreign Minister and use your best endeavors to obtain his agreement to an exchange of notes in this form between the Danish Minister here and myself.

LANSING

File No. 711.5914/140

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, September 11, 1916.

MY DEAR MR. MINISTER: Referring to my telegram of September 8 with regard to the treaty ceding to the United States the West Indian Islands, I enclose for your information copy of telegram which I sent to Mr. Egan on Saturday, with the request that he take up the matter of an exchange of notes in regard to the church property with the Foreign Minister.

In a telegram from Mr. Egan of a week or two ago the Foreign Minister indicated that he would be willing to exchange notes in regard to this matter, if it appeared to be desirable. Inasmuch as both of our Governments are in agreement as to the meaning of the provisions of the convention relating to church property, I do not anticipate any difficulty in regard to any change of notes on that subject.

I am [etc.]

ROBERT LANSING

File No. 711.5914/143

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, September 14, 1916, 1 p. m.

342. Your 164, September 9, 3 p. m. Foreign Minister writes me as follows:

With reference to your note of 11th instant, concerning the relation (position) of the United States to (toward) the rights of the established Church in the Danish West Indies and to the provisions referring to this point in the convention between the United States and Denmark ceding to the States the Danish West Indian Islands, I have the honor to state that it is understood and accepted by the Government of Denmark and the Government of the United States that the provisions of this convention referring to the property and funds belonging to Danish National Church in the Danish West Indian Islands shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands or in which the said Church may have an interest nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said Church beyond protecting said Church in possession and use of Church property as stated in said convention in the same manner and to the same extent only as other churches shall be protected in the possession (and use) of their several properties.

It will be evident from the above that the Danish Government accept the understanding as to the meaning and construction of the provisions of the said convention in accordance with the resolution of the United States Senate concerning the question of the rights of the Church in the islands.

EGAN

File No. 711.5914/143

The Secretary of State to Minister Egan

[Telegram]

DEPARTMENT OF STATE,
Washington, September 15, 1916, 4 p. m.

167. Your 342, September 14. While I appreciate the courtesy of Foreign Minister in promptly agreeing to an exchange of notes in regard to church property, I would prefer that the exchange of notes be made here between Mr. Brun and myself, as we were the Plenipotentiaries of our respective Governments in the negotiation and signing of the treaty. I trust the Foreign Minister will telegraph to Mr. Brun the Danish text of the note which you telegraphed me, as I cannot use your translation because it was transmitted to the Department in the confidential green cipher.

LANSING

File No. 711.5914/143

The Secretary of State to the Danish Minister

[Telegram]

DEPARTMENT OF STATE,
Washington, September 15, 1916.

Your letter September 13. Mr. Egan has telegraphed me a translation of the form of a note which the Danish Government is willing to exchange for a note from this Government in the form which I enclosed in my letter of September 11 to you. I have telegraphed Mr. Egan to ask the Foreign Minister to telegraph to you the Danish text of the Danish note. If you will notify me of its receipt by you we can proceed to an exchange of notes.

ROBERT LANSING

File No. 711.5914/242½

The Danish Minister to the Secretary of State

DANISH LEGATION,
Bar Harbor, September 16, 1916.

DEAR MR. SECRETARY OF STATE: I beg to acknowledge the receipt of your telegram of yesterday advising me that Mr. Egan had telegraphed you a translation of the text of the Danish note to be exchanged for the American note regarding church properties in the Danish West Indian Islands and that through Mr. Egan you had suggested to the Danish Minister of Foreign Affairs to telegraph the Danish text of the Danish note to me.

I learn from this that the exchange of notes, which so far has taken place at Copenhagen between the Danish Minister of Foreign Affairs and Mr. Egan, was only a preliminary exchange and not the definite exchange of notes, as a cablegram from the Danish Minister of Foreign Affairs received here on September 14 led me to understand, and as I consequently wrote you on September 14.

I shall of course take pleasure in advising you, as soon as I may receive the Danish text of the Danish note here.

I am [etc.]

C. BRUN

File No. 711. 5914/150

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, September 26, 1916, 5 p. m.

352. Your 153, August 24, 11 a. m., and our 337, September 2, noon. Foreign Minister informs me:

The sole and exclusive privilege of supplying ships in St. Thomas harbor with liquid fuel has never been conferred on the West India Company.

In a written communication of April 16, 1913, from the Minister of Finance to the West India Company, of which communication a copy has been submitted to the Government of the United States by the Foreign Office, the Minister for Foreign Affairs stated "that the Ministry—within a period as to the extent of which the company is requested to submit a proposal, and provided that the company's plant proves sufficient to accommodate the expected traffic—will be willing to promise not to grant concession to other companies to carry on commercial or industrial enterprises or shipping trade in St. Thomas Harbor." The Ministry has not been called upon to give such promise, nor has it given any, and even if given it would not, according to the terms cited above, confer any privilege for the sale of liquid fuel but would only be a privilege to establish plants in St. Thomas Harbor of the kinds mentioned above.

No agreement has been made with the West India Company regarding the future water supply of Charlotte Amalie and St. Thomas Harbor.

The West India Company has not been especially exempted from paying dues but has, like other concerns, been granted opportunities for the payment of harbor dues in accordance with Section 30, Subsection 2, of Ordinance Number 24 of August 6, 1914, regarding payment of duty and harbor dues in St. Thomas and St. Jan and supplement of February 25, 1916, to the same ordinance; in addition thereto the Colonial Government has granted the company exemption from payment of duties and conceded to it the right to store goods in warehouses without payment of any dues on certain conditions, in pursuance of Section 7, Subsections 3 and 7 of Act Number 64 of April 1, 1914, regarding exemption from the payment of customs duty and harbor dues in St. Thomas and St. Jan. Finally attention is called to Ordinance Number 16 of April 1, 1913, regarding exemption from payment of duty and harbor dues for materials imported for the establishment plants in and near St. Thomas harbor. As stated before the West India Company has never been granted other concessions than such as might have been granted and actually have been granted to others.

Documents referred to are being sent by mail.

EGAN

File No. 711. 5914/162

Minister Egan to the Secretary of State

No. 959

AMERICAN LEGATION,
Copenhagen, September 27, 1916.

SIR: With reference to the Legation's telegram No. 352 of September 26, 1916, I have the honor to transmit a memorandum, carefully made by the Minister of Finance, concerning the privileges of the West India Company at St. Thomas. Attached to this I likewise enclose copies of the pamphlets containing passages mentioned in the memorandum. The memorandum, translated by us, was sent to the Department yesterday by cable.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure 1—Memorandum—Translation]

In a note of August 25th last the American Minister here stated that the American Consul in St. Thomas had reported:

(1) That the West India Company, according to a declaration from Captain Berg, maintains that the sole and exclusive privilege of supplying ships in St. Thomas' harbor with liquid fuel is vested in the said company,

(2) That the company has an agreement with the Government regarding the future water supply of the town and St. Thomas harbor and,

(3) That it is not subjected to taxation by the colonial Government. In pursuance of the aforesaid the Legation has requested the Danish Government to state whether it considers the said privileges as incorporated in the company's concession.

After having been in telegraphic communication with the Government of the Danish West India Islands in so far as question (2) and (3) are concerned, we beg to furnish the following information:

(1) The sole and exclusive privilege of supplying ships in St. Thomas harbor with liquid fuel has never been conferred on the West India Company.

In a communication in writing of April 16th 1913 from the Minister of Finance to the West India Company of which communication a copy has been submitted to the Government of the United States by the Foreign Office the Ministry has stated: "that the Ministry—within a period as to the extent of which the company is requested to submit a proposal, and provided that the company's plant proves sufficient to accommodate the expected traffic—will be willing to promise not to grant concession to other companies to carry on commercial or industrial enterprises or shipping trade in St. Thomas harbor." The Ministry has not been called upon to give such promise, nor has it given any, and even if given, it would not, according to the terms cited above, confer any privilege for the sale of liquid fuel, but would only be a privilege to establish plants in St. Thomas harbor of the kinds mentioned above.

(2) No agreement has been made with the West India Company regarding the future water supply of Charlotte Amalie and St. Thomas harbor.

(3) The West India Company has not been specially exempted from paying dues, but has like other concerns been granted reductions in the payment of harbor dues in accordance with Sec. 30, Subsection 2 of Ordinance No. 24 of August 6, 1914, regarding payment of duty and harbor dues in St. Thomas and St. Jan, and Supplement of February 25, 1916, to the said Ordinance; in addition thereto the Colonial Government has granted the company exemption from payment of duties and conceded to it the right to store goods in warehouses without payment of any dues on certain conditions (in pursuance of Sec. 7, Subsect. 3 and 7 of Act No. 64 of April 1st, 1914 regarding exemption from the payment of customs duty and harbor dues in St. Thomas and St. Jan); finally attention is called to Ordinance No. 16 of April 1st 1913 regarding exemption from payment of duty and of harbor dues for materials imported for the establishment of plants in and near St. Thomas harbor. Copies of the aforesaid ordinance are enclosed. As stated before, the West India Company has never been granted other concessions than such as might have been and actually have been granted to others.

[Inclosure 2—Translation]

Sec. 30, Subsec. 2, Ordinance No. 24, of Aug. 6, 1914, regarding payment of duty and harbor dues in St. Thomas and St. Jan.

The Government is authorized:

1. * * *

2. To grant a reduction in harbor dues on goods transferred directly from ship to ship, made applicable also to goods such as those mentioned in S. 2, No. 4, of Law No. 64 of April 1, 1914, on customs duties and harbor dues in St. Thomas and St. Jan, even if they are not transferred directly from ship to ship, but are deposited meantime in a warehouse of a steamship company or wharf owner, provided the storage takes place under conditions guaranteeing against abuse.

Sec. 7, Subsecs. 3 and 7, of Act No. 64 of April 1, 1914, regarding exemption, etc.

The Government is authorized:

1. * * *

2. * * *

3. To grant exemption from customs duty on goods transferred directly from ship to ship and on goods such as those mentioned in S. 2, No. 4, even if they are not transferred directly from ship to ship, but are meanwhile deposited in a warehouse of a steamship company or wharf owner, provided the storage takes place under conditions guaranteeing against abuse.

4-6. * * *

7. To grant storage in bond (duty free storage under customs supervision) in private warehouses, of such goods as are imported for temporary storage and are intended for reexportation.

As security for the import duty to be paid on the stored goods if not reexported, the customs treasury shall have a first mortgage lien on the stored goods and a right of preference, for payment, over all other property, goods, and effects of the receiver of the goods. The Government may stipulate that further security shall also be furnished.

If the goods are not reexported within 2 years after importation, the import duty must be paid immediately; however, upon a request being presented in due time, the Government may grant an extension of duty free storage not to exceed one year at a time.

The receiver of the goods (consignee) must submit to such supervision over the stored goods and their importation and exportation as the customs authorities may deem necessary, and bear all expenses connected therewith. However, the Government may grant relaxations in this supervision, taking into consideration the rules of a like character prevailing in the surrounding harbors.

The consignee shall be responsible for any irregularities connected with the storage of the goods, in accordance with the provisions contained in laws or regulations.

Supplement of February 25, 1916, to the ordinance regarding customs duties and harbor dues in St. Thomas and St. Jan, of Aug. 6, 1914.

We, Christian Tenth, etc.

The following shall be added to S. 30:

3. To grant a reduction in the harbor dues on goods transferred directly from ship to ship, made applicable also to goods stored under favor such as mentioned in No. 7, S. 7, of Law No. 64 of Apr. 1, 1914, on customs duties and harbor dues in St. Thomas and St. Jan; provided, however, that the full harbor dues shall be paid in the case cited under No. 4 of said provision.

No. 4 reads: 4. To grant duty-free importation of postal parcels sent to war-ships in sealed mail bags according to the Universal Postal Convention.

Ordinance No. 16 of 1913, on the exemption from customs duties and harbor dues of materials imported for the establishment of plants in and near St. Thomas harbor.

APRIL 1, 1913.

We, Christian Tenth, etc.

The Government is authorized, for a period of 10 years, beginning Jan. 1, 1913, to grant exemption from customs duties and harbor dues on all materials, including working tools and machinery, imported into St. Thomas for the establishment there of considerable plants which are designed for the purpose of supplying or serving ships entering the harbor, or which are otherwise adapted to promote navigation in the harbor, etc.

File No. 711.5914/151

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION;

Copenhagen, September 29, 1916, 6 p. m.

356. Foreign Minister informs me that he has cabled following message to Washington:

The crisis has now been solved through an understanding among the three political parties that one representative of each of the three parties be included in the Cabinet as Ministers without portfolios and further that the proposal of the Government as to the proceedings of the Committee in the West Indian

question with a referendum to follow has been accepted. The time limit set for the work of the possible committee is six weeks and the referendum shall take place within fourteen days after the committee has submitted its resolution. However in the present circumstances I do not consider it out of the question that the time limit for the work of the committee be shortened.

EGAN

File No 711.5914/152

AMERICAN LEGATION,
Copenhagen, October 1, 1916, 2 p. m.

360. The Prime Minister, addressing the Lower House yesterday, said:

The object of reaching an early understanding in the sale of the West Indian Islands is not only a question of great financial importance, but what is more important the bringing about of better conditions on the islands; most of all our obligation to a great Power like the United States which has ratified the treaty and which should not be kept waiting longer for an answer from a small State.

Neergaard, President of the Parliamentary Committee to examine the question of the sale of the islands, addressed the members as follows:

It is strongly desired that the findings of the committee be submitted as early as possible. The time limit of six weeks is the maximum time but there is every reason to believe that we can complete the examination at an earlier date.

The new Ministers appointed without portfolios are J. C. Christensen, Left, who is now for the sale; Rottboll, Conservative, who I am informed, will likewise approve the sale, and Stauning, Socialist. The Socialists have hitherto declined to take the responsibility of the Cabinet representation.

EGAN

File No. 711.5914/241½

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, October 2, 1916.

DEAR MR. SECRETARY OF STATE: Since my letter to you of August 26th regarding the various steps taken by the Danish Government in order to obtain in due form the necessary legislative consent to the cession of the Danish West Indian Islands to the United States, the political crisis caused in Denmark by our Convention of August 4th, 1916 has further developed, and you have no doubt been kept fully informed by Mr. Egan of all the phases and provisional results of this crises.

By a cablegram received here on September 29th the Danish Minister of Foreign Affairs has informed me that the crisis has now been solved by an agreement between the different political parties according to which a representative of each of the three political parties not now represented in the Government will be added to the Cabinet as Minister without portfolio, and the question of the cession of the islands will be submitted to a special commission and thereupon to a plebiscite, in accordance with the proposition of the present Danish Government.

The time limit within which the commission is to finish its work has been fixed at six weeks, and the plebiscite is to take place 14 days after the completion of the report of the commission, but the Minister of Foreign Affairs considers it quite possible that the commission will be able to finish its work within a shorter time than six weeks.

I thought that this information would be of interest to you, if only as a confirmation of your own reports from Copenhagen, and so am sending it to you, although without any special instruction to this effect.

I am [etc.]

C. BRUN

File No. 711.5914/154

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, October 5, 1916, 5 p. m.

364. Parliamentary committee has reached a series of conclusions relative to its course of procedure. It insists that the whole of the diplomatic correspondence pertaining to the sale be submitted to it. When the material has been considered by the committee the latter will decide upon what persons shall be called upon to furnish information. At the meeting yesterday telegrams were despatched to the West Indian colonial boards to the effect that the committee was desirous of conferring with members of the boards. They must be selected in such a manner that the prevailing views are represented. They are to arrive in Copenhagen within the time limit set for the work of the committee. Governor Helweg Larsen who has resigned is now in New York City. He is due here October 26th, also he will be requested to furnish information. This procedure does away with the demand of Socialist party for a referendum in the islands.

EGAN

File No. 711.5914/238½

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, October 6, 1916.

DEAR MR. SECRETARY OF STATE: Since writing you on October 2nd I have received by mail from the Danish Minister of Foreign Affairs the text of the note from Mr. Egan to the Minister, dated September 11th, and of the reply of the Minister to Mr. Egan, dated September 13th, both relating to the property of the Danish National Church in the Danish West Indies.

I beg to enclose herewith copies of the two notes.

It appears from this that the reply of the Danish Minister of Foreign Affairs was also in the English language, and I beg to propose that this English text should be used in the exchange of notes between us to which you refer in your letter to me of October 5th just received.

The reason for this request is, that the Danish text which I sent you on October 2nd is somewhat uncertain owing to errors of transmission in the corresponding cablegram. I note for instance, that when the Danish text in the last phrase but one says: *forsaavidt angaaer dens Ejendoms—og Beskyttelsesret over den Kirkelige Ejendom*, it should have been *Benyttelsesret* or *Brugsret*, in order to correspond to the now received English text.

I understand from your letter of yesterday that the note which you propose to hand to me will be identical with the note of Mr. Egan of September 11th, and as soon as you shall advise me of the exact terms of the text, I will obtain renewed authority from the Danish Government to proceed to the exchange.

I am [etc.]

C. BRUN

[Inclosure 1]

Minister Egan to the Minister of Foreign Affairs

No. 678

AMERICAN LEGATION,
Copenhagen, September 11, 1916.

YOUR EXCELLENCY: In reference to our conversation on the matter of the relation of the United States to the rights of the Established Church in the Danish West Indies, I have the honor to repeat that the Secretary of State proposes to exchange notes with the Danish Minister in Washington, and he suggests on his side a note in the following substance and form:

[Quotes paragraphs 3, 4 and 5 of Department's telegram of September 9, 1916, *ante.*]

My Government will be pleased if this exchange of notes can be expedited as quickly as possible.

I avail myself [etc.]

MAURICE FRANCIS EGAN

[Inclosure 2]

The Minister of Foreign Affairs to Minister Egan

MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, September 13th, 1916.

MONSIEUR LE MINISTRE: With reference to your note of 11 inst. concerning the relation of the United States to the rights of the Established Church in the Danish West Indies and to the provisions referring to this point in the convention between the United States and Denmark ceding to the States the Danish West Indian Islands, I have the honor to state that it is understood and accepted by the Government of Denmark and the Government of the United States that the provisions of this convention referring to the property and funds belonging to the Danish National Church in the Danish West Indian Islands shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands or in which the said church may have an interest; nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said church beyond protecting said church in possession and use of church property as stated in said convention in the same manner and to the same extent only as other churches shall be protected in the possession and use of their several properties.

It will be evident from the above, that the Danish Government accept the understanding as to the meaning and construction of the provisions of the said convention in accordance with the resolution of the United States' Senate concerning the question of the rights of the church in the islands.

I avail [etc.]

[File copy not signed]

File No. 711.5914/153

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, October 10, 1916.

MY DEAR MR. MINISTER: Referring to your note of the 2d instant enclosing certain documents in regard to the concession granted to Mr. Ejnar Svendsen on July 16, 1915, I find on an examination of these documents that they do not entirely cover the inquiries made of Mr. Egan in my telegram to him of August 18th. The remaining point which I desire to clear up in regard to this concession is the period for which Mr. Svendsen holds his concession.

I would be pleased if you could obtain for me definite and official information on this point. If, in the opinion of your Government, the concession is to run for an indefinite period, I should like to be so informed.

I am [etc.]

ROBERT LANSING

File No. 711.5914/238

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, October 12, 1916.

MY DEAR MR. MINISTER: In reply to your letter of October 6th, enclosing copies of notes exchanged between the Danish Minister of Foreign Affairs and Mr. Egan with regard to the Danish National Church in the Danish West Indies, and suggesting that the English text of the reply of the Danish Minister of Foreign Affairs be used in the notes which pass between yourself and the Department as referred to in the Department's letter of the 5th instant to you, I beg to inform you that I perceive no objection to your note being written in the English language. As I suggested in my recent note to you, it would seem best to defer the proposed exchange of notes until we are ready to exchange the ratifications of the treaty of cession.

I am [etc.]

ROBERT LANSING

File No. 711.5914/165

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, October 18, 1916, 7 p. m.

370. Foreign Minister tells me that as the West Indian Committee desires to examine and consult the delegates from the islands and as it will be impossible for them to reach Copenhagen within the time limit agreed upon, the Government cannot reasonably refrain from giving its consent to extend the said time limit to November 25, 1916. The referendum is thus expected to take place on December 13 or 14 next. The question may accordingly be settled before Christmas of this year.

EGAN

File No. 711.5914/170

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, October 19, 1916.

DEAR MR. SECRETARY OF STATE: By a letter of October 2nd I advised you of the proceedings in Denmark by which the Royal Government expects to obtain the necessary legislative consent to our treaty of August 4th, 1916 regarding the cession of the Danish West Indian Islands to the United States.

I mentioned the Special Commission of the Danish Parliament to which the question of the cession would be submitted, and that 6 weeks had been agreed upon as the time limit within which this Commission should complete its work.

I have yesterday received a cablegram from the Danish Minister of Foreign Affairs in which he says that it has now been found necessary to extend the said time limit until the 25th of next month, and that the intended plebiscite can thereupon be held December 13th and 14th, so that the whole question can be settled before Christmas.

The reason for this extension of time is, so the Minister states, that the Commission desires to hear the Delegates from the islands, of whose mission I informed you by my letter of October 8th, and that these Delegates could not arrive in Copenhagen within the time at first fixed.

I may add that, as far as I have learned, these Delegates who were to sail from St. Thomas on October 10th, were delayed by the destructive hurricane which, as you know, struck the islands with disastrous results on October 9th.

Believe me, dear Mr. Lansing,

C. BRUN

File No. 711.5914/170

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, October 24, 1916.

MY DEAR MR. MINISTER: I thank you for your letter of the 19th instant stating that it is now found necessary to extend the time limit for the Special Commission of the Danish Parliament to complete its work in regard to the treaty of cession, and that the intended plebiscite can not therefore be held until about the middle of December.

I have learned from our Consul at St. Thomas of the proposed departure of the delegates from the islands for the purpose of presenting to the Special Commission the sentiment of the inhabitants of the islands in regard to the sale. Judging from the Consul's report, I conclude the sentiment in the islands is strongly in favor of the treaty of cession.

I am [etc.]

ROBERT LANSING

File No. 711.5914/171

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, November 10, 1916, 6 p. m.

377. I am informed today by the Minister for Foreign Affairs that the Commission had decided to hold plebiscite December 14th. He felt confident of success.

Five delegates from the islands arrived today to appear before the Commission.

EGAN

File No. 711.5914/174

AMERICAN LEGATION,
Copenhagen, November 25, 1916, 7 p. m.

388. The West Indian Committee today distributed its resolution which consists of three sections. The first section is drawn up in common by twenty-two of the thirty members of which the committee consists and strongly urges the sale. Section two which represents the view of seven conservatives is for a rejection of the sale. Section three contains the view of one conservative. He favors the sale. One million two hundred fifty thousand printed copies of this resolution will be distributed all over Denmark with the object of acquainting the general population with the facts about the islands.

EGAN

File No. 711.5914/181

Minister Egan to the Secretary of State

No. 979

AMERICAN LEGATION,
Copenhagen, December 6, 1916.

SIR: I have the honor to enclose a synopsis of the final statement made by the Danish Parliamentary Commission, assembled to make this formal statement to the voters of Denmark, in order that a referendum as to the sale of the Danish West Indies might take place on December 14th of the current year.

I have [etc.]

MAURICE FRANCOIS EGAN

[Inclosure]

Resolution by the West Indian Committee (adopted by 22 members of the committee):

During the last thirty years conditions in the West Indian Islands have steadily grown worse. The decrease in the number of inhabitants furnishes sufficient evidence of this fact. Various theories may be advanced to account for this regrettable state of affairs. One of the main reasons, however, would seem to be the rapid development of the sugar beet industry in other parts of the world, which has caused a drop in the price of cane sugar. The changed shipping and trading conditions in the West Indies, during this period, have also had a disastrous effect on the islands.

We have arrived at the conclusion that the islands have not been administered in the proper manner. Many things have been omitted and neglected, and in cases where improvements have been begun, they generally have stranded on account of lack of experience. The fact is that Denmark has never possessed the means of supplying a staff, which could properly undertake to carry on an administration among the colored population.

We desire to state that, even if plans for the bringing under artificial cultivation of certain areas on St. Croix are carried out, and if other contemplated arrangements are completed, we do not believe the inhabitants would experience any improvement in economic conditions in the future. The idea seems to prevail in the islands that the only thing which might improve economic conditions on St. Croix would be accessibility to the American market, and exemption from duty. From the hearing, the Committee has come to the conclusion, that in the case the islands are sold, every facility will be granted for the carrying out of the above-mentioned plans.

The fact that the large majority of the population do not in any way feel bound to Denmark, but through their language and interests have always been drawn towards the United States, has played an important part in connection with the sentiment which now prevails in favor of the sale.

Under the circumstances it seems to us that the Danish Rigsdag and the population of Denmark ought to give their consent to the ratification of the treaty. To reject the treaty now, in spite of the firm desire evidenced by practically the whole West Indian population, would no doubt create difficulties for Denmark in the future; not only in the islands proper, but internationally. The fact that the West Indian population is so much in favor of the sale has been the main reason for our conclusion.

Resolution by the minority (adopted by 7 members of the committee):

The treaty should be rejected for the following reasons: We refuse to believe that the possession of the West Indian Islands will constitute an international danger for Denmark in the future.

It will be possible for Denmark, without any excessive expenditures, to establish prosperous industrial conditions in the islands. The opening of the Panama Canal will be of great assistance in this connection. The possession of these islands will be of considerable value to Danish shipping and trade in these remote parts of the world. It seems to us that it is necessary for Denmark to possess these islands, if the increasing population is not to be compelled to lower its standard of living.

The fact that the islands are situated on what will be one of the international highways of the future seems to us to be sufficient to substantiate our assertion that the islands will play a most important part in time to come and will also make it possible for Denmark to render what is necessary in order to enable the islands to take care of themselves.

If, on the contrary, the sale takes place it will be an indication of Denmark's desire to escape the inconveniences and expenditures connected with the problem. Such a step would not only give rise to thoughts of weakness in the Danish nation, but would at the same time encourage other parts of the kingdom, which differ from Denmark in race and speech, in their desire to separate from the mother country.

One member of the Conservative Party offered a resolution in which he reluctantly stated that the present state of affairs convinced him of the necessity of selling the islands.

File No. 711.5914/176

Minister Egan to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Copenhagen, December 15, 1916, 9 a. m.

397. Result of plebiscite approximately 284,000 for sale and 158,000 against.

EGAN

File No. 711.5914/177

AMERICAN LEGATION,
Copenhagen, December 20, 1916, 6 p. m.

401. In the Lower House today 90 voted for ratification of the treaty, 16 against it and 5 members were absent.

The vote will be taken in the Upper House tomorrow.

EGAN

File No. 711.5914/178

AMERICAN LEGATION,
Copenhagen, December 21, 1916, 5 p. m.

402. Upper House today voted 40 for and 19 against ratification. This is final and assures cession of Danish West Indies to the United States.

EGAN

File No. 711.5914/180

AMERICAN LEGATION,
Copenhagen, December 22, 1916.

405. The West Indian Treaty approved by the Landsting (Upper House) yesterday was ratified by the King today. Danish Minister at Washington will receive all necessary papers by Swedish steamer from Gothenburg sailing December 30th.

EGAN

File No. 711.5914/263

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, December 22, 1916.

DEAR MR. SECRETARY OF STATE: I hasten to inform you that I have just now (2.35 p. m.) received a cablegram from the Danish Minister of Foreign Affairs advising me that the Treaty for the cession of the Danish West India Islands has been passed by the Danish Parliament and ratified by His Majesty the King, and that the Danish instrument of ratification with full power for me to exchange will be sent to me by Swedish steamer from Gothenburg on the 30th instant.

I know this information will be gratifying to you, and I remain [etc.]

C. BRUN

File No. 711.5914/239½

The Danish Minister to the Secretary of State

DANISH LEGATION,
Washington, December 29, 1916.

DEAR MR. SECRETARY OF STATE: Reply to your letter of December 23d I beg to inform you that I have now received authority by cablegram from the Danish Minister of Foreign Affairs to proceed immediately to the exchange of notes regarding the church property in the Danish West Indian Islands.

I beg to propose that the notes be dated from the same day, and, if entirely convenient to you, I will be glad to come to the Department on any day of next week which you may decide upon, and hand to you a note identical with the enclosed draft,²¹ which, as you will see, is the same text of which I sent you a copy by my letter of October 6, 1916. In exchange I shall expect to receive from you a note identical with the text which you were good enough to send me by your letter of October 9, 1916.

I do not know whether you desire that a special protocol should be signed by us regarding this exchange of notes, but, if so, it will be entirely agreeable to me.

I am [etc.]

C. BRUN

File No. 711.5914/185

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Copenhagen, January 5, 1917, 6 p. m.

411. I am requested to send the essential part of an interview with the Minister for Foreign Affairs today. In Article 4, of the Convention of August 4th, 1916, respecting the cession of the Danish West Indies Islands, the Government of the United States has reserved to itself the right of immediate possession after the exchange ratification. The Danish Government is desirous that the matter should be settled as quickly as circumstances will permit. This wish on the part of the Danish Government is especially prompted by their desire to recall the cruiser *Valkyrien* from the islands.

If the formal delivery of the islands could thus be accelerated, it would present the advantage that the captain of the cruiser in his capacity of acting governor could perform the official act of delivery.

Further the Minister for Foreign Affairs requested me to say that King Christain X, moved by a petition from the people of the Danish West Indies asking him to use his good offices to prevent the islands being placed under Government of Porto Rico, has expressed the hope that the wishes of the inhabitants might be considered if such procedure be in accordance with the policy of the United States.

EGAN

File No. 711.5914/187a

The Secretary of State to Minister Egan

[Telegrams]

DEPARTMENT OF STATE,

Washington, January 6, 1917, 2 p. m.

216. Please obtain and mail at the very earliest opportunity an official map showing specifically the boundaries of the group of islands, keys and rocks in the West Indies over which Denmark claims sovereignty and which she cedes to the United States under the pending treaty. This map should be the official expression of the Government of Denmark as to the geographic limits of the Danish West Indies.

LANSING

²¹ Not printed See note of January 3, 1917, from the Danish Minister, *post.*

File No. 711.5914/185

DEPARTMENT OF STATE,
Washington, January 8, 1917, 4 p. m.

217. Your 411, January 5th, 6 p. m. Say to the Foreign Minister that this Government will make every effort to expedite the formal delivery of the islands, but that he will realize the injurious effect that the premature delivery of the islands might have upon Congress, as it might regard such an act as an unwarranted and officious effort to bind it to an immediate appropriation of twenty-five million dollars. As soon as the ratifications of the treaty have been exchanged, it will be transmitted to Congress with a request for an immediate appropriation in conformity with the provisions of the treaty; and I have no reason to believe that the appropriation will not be made during the present session, which ends March 4th.

I have noted the King's hope regarding placing the islands under Porto Rican Government, and am glad to know through him the wishes of the inhabitants of the islands. It will give me pleasure to take pains to lay their wishes before the proper authorities for consideration in connection with the form of government to be established in the islands.

LANSING

File No. 711.5914/188

Minister Egan to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Copenhagen, (received January 10, 1917).

415. Referring Department's 216, January 6th, maps will be sent by pouch leaving January 11th.

EGAN

File No. 711.5914/192

Minister Egan to the Secretary of State

No. 984

AMERICAN LEGATION,
Copenhagen, January 10, 1917.

SIR: Referring to the Department's telegram No. 216 of January 6, directing that an official map, showing the boundaries of the group of islands, keys and rocks in the West Indies over which Denmark claims sovereignty and which she cedes to the United States under the pending treaty, be forwarded to the Department, I have the honor to state that the Legation is sending, by the pouch leaving here on January 11, 1917, via the Scandinavian-American Line, the maps as requested. The Legation is enclosing a copy of the Foreign Office note, indicating that the maps are the official expression of the Danish Government as to the geographic limits of the Danish West Indies.

I have [etc.]

MAURICE FRANCIS EGAN

[Inclosure]

The Minister of Foreign Affairs to Minister Egan

Journal Nr. 8m15

MINISTRY OF FOREIGN AFFAIRS,
Copenhagen, January 9, 1917.

MONSIEUR LE MINISTRE: Referring to your note of January 8th of this year, I have the honor to forward to you herewith maps showing specifically the boundaries of the group of islands, keys and rocks in the West Indies over which Denmark claims sovereignty and which she cedes to the United States under the pending treaty. The lines drawn in the maps are the official expression of the Danish Government as to the geographic limits of the Danish West Indies.

Receive [etc.]

ERIK SCAVENIUS

File No. 711.5914/264

*The Danish Minister to the Secretary of State*DANISH LEGATION,
Washington, January 16, 1917.

DEAR MR. SECRETARY OF STATE: Confirming what I had the pleasure to tell you verbally yesterday, I beg to say that I have yesterday received from the Danish Minister of Foreign Affairs the Danish instrument of ratification relative to the treaty of August 4, 1916, for the cession of the Danish West Indian Islands to the United States, together with a Royal Full Power to proceed to the exchange of the ratifications as soon as possible.

You will remember that by Article 4 of the treaty it has been stipulated "that the cession with the right of immediate possession is to be deemed complete on the exchange of ratifications."

With regard to this point the Danish Minister of Foreign Affairs in his dispatch to me adds that, in case the desire of the Government of the United States to hasten the actual taking possession of the islands should not now be present in the same degree as at the time, when the treaty was drafted, the Danish Government would nevertheless greatly appreciate if the remaining acts of the cession could be completed as soon as circumstances will permit. An important reason for this desire is, that the Danish Government would wish very much to recall, as soon as possible, the Danish Cruiser *Valkyrien*, at present at St. Thomas, but greatly needed in home waters and whose commander Captain Konow, acting Governor of the islands, could be authorized to formally deliver the islands to the United States, in accordance with Article 4 of the treaty, if you could see your way to make this formal delivery of the islands to the United States possible within a short time.

I am also authorized to add that, according to a recent report to me from the acting Governor of the islands, the uncertainty which now necessarily weighs on all conditions in the islands, until the time when the United States shall definitely have taken possession of them, has created a certain agitation and fermentation in the population, which it is difficult for him to cope with and desirable to put an end to as soon as possible.

Trusting that you may be able on the strength of these considerations to obtain the completion of the yet remaining acts of the cession at the earliest possible moment,

I am [etc.]

C. BRUN

File No. 711.5914/265

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, January 17, 1917.

DEAR MR. MINISTER: I have received this morning your note of January 16th quoting a telegram from the Danish Minister of Foreign Affairs regarding full powers to Governor Konow to make formal delivery of the islands and full powers to you to receive the sum stipulated in the West Indian Convention and in regard to leaving a special commissioner on the islands after the delivery in order to arrange details connected with the cession.

In reply I beg to say that, so far as I can foresee, the circumstances surrounding the delivery of the islands, I perceive no objection to the manner of proceeding proposed by the Danish Foreign Minister.

Very sincerely yours,

ROBERT LANSING

File No. 711.5914/190a

The Secretary of State to the President

THE PRESIDENT: The undersigned, the Secretary of State, has the honor to transmit herewith a copy of the English text of a convention between the United States and Denmark, signed at the City of New York, August 4, 1916, together with copies of the notes exchanged between the High Contracting Parties in pursuance of the Senate Resolution of September 9, 1916, giving the advice and consent of that body to the ratification of the Convention. The exchange of the ratifications of the Convention took place on January 17, 1917, and the Convention is, therefore, now in force as a mutually binding obligation between the two countries concerned. By Article 1 of this Convention, Denmark cedes to the United States, in return for a money payment, all territory, dominion, and sovereignty of Denmark in the West Indies, including the islands of St. Thomas, St. John, and St. Croix, together with the adjacent islands and rocks. The succeeding articles specify in detail certain terms and conditions regarding the cession. By Article 5 the United States, in full consideration of the cession, agrees to pay within ninety days from the date of exchange of the ratifications, in the City of Washington, to the diplomatic representative or other agent of Denmark duly authorized to receive the money, the sum of twenty-five million dollars in gold coin of the United States. This amount is therefore due from the United States to Denmark within the period ending April 17th next.

This convention is responsive to the conviction of both governments, as well as of the people of the islands, that the Danish West Indies should belong to the United States. This conviction, as is well known, has been manifested in earlier treaties for the transfer of these islands to the United States. Without entering upon any extended historical review of the negotiations of these earlier treaties, it may be pointed out that the first negotiations for the purchase of the islands were initiated by Secretary Seward during the administration of President Lincoln, and before the close of the Civil War,

culminating in the convention signed at Copenhagen, October 24, 1867, during the administration of President Johnson, for the cession of the Islands of St. Thomas, and St. John. It is the opinion of students of the subject that this convention was brought about through the conviction of the United States gained by its naval operations during the Civil War, of the need of a naval coaling, supply, and repair station in the Caribbean Sea, in order that the United States might be placed on a footing with other great powers owning islands in those waters. This conviction, no doubt, was strengthened by the fact that the United States emerged from that war as a maritime power, to whom a good harbor and depot in the West Indies had become a matter of so great importance, if not of necessity, that the United States could not wish to see the Danish West Indies fall into the hands of another power.

Although the plebiscite in St. Thomas and St. John, held under the Treaty of 1867, was overwhelmingly in favor of the cession, and the treaty was promptly approved by the Danish Rigsdag, and ratified and signed by the King, and although the period for ratification was extended from time to time to April 14, 1870, the Senate Committee on Foreign Relations took no action until March 24, 1870, when Senator Sumner reported it adversely, and the Senate acquiesced in that opinion.

Prior to the Spanish War, overtures were again made for the cession of the islands—this time initiated by the Danish Government. During the Spanish War the question of the purchase of the islands was further agitated. Concurrently with the discussion of the Isthmian Canal and the protection of the islands obtained from Spain, a second treaty for the purchase of the Danish West Indies was signed at Washington, January 24, 1902. In reporting this treaty favorably to the Senate, Senator Cullom, of the Committee on Foreign Relations, stated:

These islands, together with Porto Rico, are of great importance in a strategic way, whether the strategy be military or commercial. St. Thomas is the natural point of call for all European trade bound to the West Indies, Central America, or northern South America. These islands, together with Porto Rico, form the northeastern corner of the Caribbean Sea and are of great importance in connection with the American isthmus, where a canal will be constructed between the Atlantic and Pacific. They are of first importance in connection with our relations to the region of the Orinoco and the Amazon and with our control of the Windward Passage.

The treaty was approved by the United States Senate February 17, 1902, but failed of ratification, by a tie vote, in the upper house of the Danish Rigsdag.

All of the reasons upon which the two prior treaties were based, whether strategic, economic, or political, are of more force today than in previous years. There can be no question as to the value of St. Thomas harbor as a naval port, with its circular configuration, ample roadsteads, protection from prevailing winds and seas, and facilities for fortifications. Moreover, the advantages of the possession of a naval base off the entrance of the Panama Canal, and near the Island of Porto Rico, are self-evident.

The commercial value of the islands cannot be doubted. Lying in close proximity to many of the passages into the Caribbean Sea, the use of St. Thomas harbor as a supply station for merchant ships plying between the United States and South America, and for vessels

in other trades, is of great importance. The existing modern harbor works, floating docks, marine slip and wharves, provided with electric cranes, oil-reservoirs, coal-depots, fresh-water tanks, machine shops and warehouses, contribute to the commercial advantages of St. Thomas Harbor as a port of call and transshipment for ships in the Central and South American trades.

The political importance of extending American jurisdiction over the islands is not to be overlooked. The Caribbean is within the peculiar sphere of influence of the United States, especially since the completion of the Panama Canal, and the possibility of a change of sovereignty of any of the islands now under foreign jurisdiction is of grave concern to the United States. Moreover, the Monroe Doctrine, a settled national policy of the United States, would have caused this country to look with disfavor upon the transfer of sovereignty of the Danish West Indies to any other European nation.

In view of these considerations, the treaty of cession of these islands to the United States is a matter of no small moment to this country. I do not hesitate, therefore, to recommend that the Congress be urged to take action during the present session to enable this Government to discharge its conventional obligation to Denmark by the payment to the Government of Denmark of the sum of \$25,000,000 by April 17th next.

ROBERT LANSING

DEPARTMENT OF STATE,
Washington, January 22, 1917.

CONVENTION BETWEEN THE UNITED STATES AND DENMARK FOR THE CESSION OF THE DANISH WEST INDIES

Signed at New York, August 4, 1916; ratification advised by the Senate, September 7, 1916; ratified by the President, January 16, 1917; ratified by Denmark, December 22, 1916; ratifications exchanged at Washington January 17, 1917; proclaimed, January 25, 1917.

Treaty Series No. 629

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas a Convention between the United States of America and Denmark providing for the cession to the United States of all territory asserted or claimed by Denmark in the West Indies, including the islands of St. Thomas, St. John and St. Croix, together with the adjacent islands and rocks, was concluded and signed by their respective Plenipotentiaries at the City of New York on the fourth day of August, one thousand nine hundred and sixteen, the original of which Convention, being in the English and Danish languages, is word for word as follows:

The United States of America and His Majesty the King of Denmark being desirous of confirming the good understanding which exists between them, have to that end appointed as Plenipotentiaries.

The President of the United States:

Mr. Robert Lansing, Secretary of State of the United States,
and His Majesty the King of Denmark:

Mr. Constantin Brun, His Majesty's Envoy extraordinary and
Minister plenipotentiary at Washington,

who, having mutually exhibited their full powers which were found
to be in due form, have agreed upon the following articles:

Article 1

His Majesty the King of Denmark by this convention cedes to the United States all territory, dominion and sovereignty, possessed, asserted or claimed by Denmark in the West Indies including the Islands of Saint Thomas, Saint John and Saint Croix together with the adjacent islands and rocks.

This cession includes the right of property in all public, government, or crown lands, public buildings, wharves, ports, harbors, fortifications, barracks, public funds, rights, franchises, and privileges, and all other public property of every kind or description now belonging to Denmark together with all appurtenances thereto.

In this cession shall also be included any government archives, records, papers or documents which relate to the cession or the rights and property of the inhabitants of the Islands ceded, and which may now be existing either in the Islands ceded or in Denmark. Such archives and records shall be carefully preserved, and authenticated copies thereof, as may be required shall be at all times given to the United States Government or the Danish Government, as the case may be, or to such properly authorized persons as may apply for them.

Article 2

Denmark guarantees that the cession made by the preceding article is free and unencumbered by any reservations, privileges, franchises, grants, or possessions, held by any governments, corporations, syndicates, or individuals, except as herein mentioned. But it is understood that this cession does not in any respect impair private rights which by law belong to the peaceful possession of property of all kinds by private individuals of whatsoever nationality, by municipalities, public or private establishments, ecclesiastical or civic bodies, or any other associations having legal capacity to acquire and possess property in the Islands ceded.

The congregations belonging to the Danish National Church shall retain the undisturbed use of the churches which are now used by them, together with the parsonages appertaining thereunto and other appurtenances, including the funds allotted to the churches.

Article 3

It is especially agreed, however, that:

1) The arms and military stores existing in the Islands at the time of the cession and belonging to the Danish Government shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it, unless they, or parts thereof, may have

been bought by the Government of the United States; it being however understood that flags and colors, uniforms and such arms or military articles as are marked as being the property of the Danish Government shall not be included in such purchase.

2) The movables, especially silver plate and pictures which may be found in the government buildings in the islands ceded and belonging to the Danish Government shall remain the property of that Government and shall, as soon as circumstances will permit, be removed by it.

3) The pecuniary claims now held by Denmark against the colonial treasuries of the islands ceded are altogether extinguished in consequence of this cession and the United States assumes no responsibility whatsoever for or in connection with these claims. Excepted is however the amount due to the Danish Treasury in account current with the West-Indian colonial treasuries pursuant to the making up of accounts in consequence of the cession of the islands; should on the other hand this final accounting show a balance in favour of the West-Indian colonial treasuries, the Danish Treasury shall pay that amount to the colonial treasuries.

4) The United States will maintain the following grants, concessions and licenses, given by the Danish Government, in accordance with the terms on which they are given:

a. The concession granted to "Det vestindiske Kompagni" (the West-Indian Company) Ltd. by the communications from the Ministry of Finance of January 18th 1913 and of April 16th 1913 relative to a license to embank, drain, deepen and utilize certain areas in St. Thomas Harbor and preferential rights as to commercial, industrial or shipping establishments in the said Harbor.

b. Agreement of August 10th and 14th, 1914 between the municipality of St. Thomas and St. John and "Det vestindiske Kompagni" Ltd. relative to the supply of the city of Charlotte Amalie with electric lighting.

c. Concession of March 12th 1897 to "The Floating Dock Company of St. Thomas Ltd.", subsequently transferred to "The St. Thomas Engineering and Coaling Company Ltd." relative to a floating dock in St. Thomas Harbor, in which concession the maintenance, extension, and alteration of the then existing repairing slip are reserved.

d. Royal Decree Nr. 79 of November 30th 1914 relative to the subsidies from the colonial treasuries of St. Thomas and Sainte Croix to "The West India and Panama Telegraph Company Ltd."

e. Concession of November 3rd, 1906, to K. B. Hey to establish and operate a telephone system on St. Thomas island, which concession has subsequently been transferred to the "St. Thomas Telefonselskab" Ltd.

f. Concession of February 28th 1913 to the municipality of Sainte Croix to establish and operate a telephone system in Sainte Croix.

g. Concession of July 16th 1915 to Ejnar Svendsen, an Engineer, for the construction and operation of an electric light plant in the city of Christiansted, Sainte Croix.

h. Concession of June 20th 1904 for the establishment of a Danish West-Indian bank of issue. This bank has for a period of 30 years acquired the monopoly to issue bank-notes in the Danish West-India islands against the payment to the Danish Treasury of a tax amounting to ten percent of its annual profits.

i. Guarantee according to the Danish supplementary Budget Law for the financial year 1908-1909 relative to the St. Thomas Harbor's four percent loan of 1910.

5) Whatever sum shall be due to the Danish Treasury by private individuals on the date of the exchange of ratifications are reserved and do not pass by this cession; and where the Danish Government at that date holds property taken over by the Danish Treasury for sums due by private individuals, such property shall not pass by this cession, but the Danish Government shall sell or dispose of such property and remove its proceeds within two years from the date of the exchange of ratifications of this convention; the United States Government being entitled to sell by public auction, to the credit of the Danish Government, any portion of such property remaining unsold at the expiration of the said term of two years.

6) The Colonial Treasuries shall continue to pay the yearly allowances now given to heretofore retired functionaries appointed in the islands but holding no Royal Commissions, unless such allowances may have until now been paid in Denmark.

Article 4

The Danish Government shall appoint with convenient despatch an agent or agents for the purpose of formally delivering to a similar agent or agents appointed on behalf of the United States, the territory, dominion, property, and appurtenances which are ceded hereby, and for doing any other act which may be necessary in regard thereto. Formal delivery of the territory and property ceded shall be made immediately after the payment by the United States of the sum of money stipulated in this convention; but the cession with the right of immediate possession is nevertheless to be deemed complete on the exchange of ratifications of this convention without such formal delivery. Any Danish military or naval forces which may be in the islands ceded shall be withdrawn as soon as may be practicable after the formal delivery, it being however understood that if the persons constituting these forces, after having terminated their Danish service, do not wish to leave the Islands, they shall be allowed to remain there as civilians.

Article 5

In full consideration of the cession made by this convention, the United States agrees to pay, within ninety days from the date of the exchange of the ratifications of this convention, in the City of Washington to the diplomatic representative or other agent of His Majesty the King of Denmark duly authorized to receive the money, the sum of twenty-five million dollars in gold coin of the United States.

Article 6

Danish citizens residing in said islands may remain therein or may remove therefrom at will, retaining in either event all their rights of property, including the right to sell or dispose of such property or its proceeds; in case they remain in the Islands, they shall continue un-

til otherwise provided, to enjoy all the private, municipal and religious rights and liberties secured to them by the laws now in force. If the present laws are altered, the said inhabitants shall not thereby be placed in a less favorable position in respect to the above mentioned rights and liberties than they now enjoy. Those, who remain in the islands may preserve their citizenship in Denmark by making before a court of record, within one year from the date of the exchange of ratifications of this convention, a declaration of their decision to preserve such citizenship; in default of which declaration they shall be held to have renounced it, and to have accepted citizenship in the United States; for children under eighteen years the said declaration may be made by their parents or guardians. Such election of Danish citizenship shall however not, after the lapse of the said term of one year be a bar to their renunciation of their preserved Danish citizenship and their election of citizenship in the United States and admission to the nationality thereof on the same terms as may be provided according to the laws of the United States, for other inhabitants of the islands.

The civil rights and the political status of the inhabitants of the islands shall be determined by the Congress, subject to the stipulations contained in the present convention.

Danish citizens not residing in the islands but owning property therein at the time of the cession, shall retain their rights of property including the right to sell or dispose of such property, being placed in this regard on the same basis as the Danish citizens residing in the islands and remaining therein or removing therefrom, to whom the first paragraph of this article relates.

Article 7

Danish subjects residing in the Islands shall be subject in matters civil as well as criminal to the jurisdiction of the courts of the Islands, pursuant to the ordinary laws governing the same, and they shall have the right to appear before such courts, and to pursue the same course therein as citizens of the country to which the courts belong.

Article 8

Judicial proceedings pending at the time of the formal delivery in the islands ceded shall be determined according to the following rules:

(1) Judgments rendered either in civil suits between private individuals, or in criminal matters, before the date mentioned, and with respect to which there is no recourse or right to review under Danish law, shall be deemed to be final, and shall be executed in due form and without any renewed trial whatsoever, by the competent authority in the territories within which such judgments are to be carried out.

If in a criminal case a mode of punishment has been applied which, according to new rules, is no longer applicable on the islands ceded after delivery, the nearest corresponding punishment in the new rules shall be applied.

(2) Civil suits or criminal actions pending before the first courts, in which the pleadings have not been closed at the same time, shall be confirmed before the tribunals established in the ceded islands after the delivery, in accordance with the law which shall thereafter be in force.

(3) Civil suits and criminal actions pending at the said time before the Superior Court or the Supreme Court in Denmark shall continue to be prosecuted before the Danish courts until final judgment according to the law hitherto in force. The judgment shall be executed in due form by the competent authority in the territories within which such judgment should be carried out.

Article 9

The rights of property secured by copyrights and patents acquired by Danish subjects in the Islands ceded at the time of exchange of the ratifications of this treaty, shall continue to be respected.

Article 10

Treaties, conventions and all other international agreements of any nature existing between Denmark and the United States shall *eo ipso* extend, in default of a provision to the contrary, also to the ceded islands.

Article 11

In case of differences of opinion arising between the High Contracting Parties in regard to the interpretation or application of this convention, such differences, if they cannot be regulated through diplomatic negotiations, shall be submitted for arbitration to the permanent Court of Arbitration at the Hague.

Article 12

The ratifications of this convention shall be exchanged at Washington as soon as possible after ratification by both of the High Contracting Parties according to their respective procedure.

In faith whereof the respective plenipotentiaries have signed and sealed this convention, in the English and Danish languages.

Done at New York this fourth day of August, one thousand nine hundred and sixteen.

[SEAL.]
[SEAL.]

ROBERT LANSING
C. BRUN

And whereas in giving advice and consent to the ratification of the said Convention, it was declared by the Senate of the United States in their resolution that "such advice and consent are given with the understanding, to be expressed as a part of the instrument of ratification, that such Convention shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands, or in which the said

Church may have an interest, nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said Church, beyond protecting said Church in the possession and use of church property as stated in said Convention, in the same manner and to the same extent only as other churches shall be protected in the possession and use of their several properties";

And whereas it was further provided in the said resolution "That the Senate advises and consents to the ratification of the said Convention on condition that the attitude of the United States in this particular, as set forth in the above proviso, be made the subject of an exchange of notes between the Governments of the two High Contracting Parties, so as to make it plain that this condition is understood and accepted by the two Governments, the purpose hereof being to bring the said Convention clearly within the Constitutional powers of the United States with respect to church establishment and freedom of religion";

And whereas this condition has been fulfilled by notes exchanged between the two High Contracting Parties on January 3, 1917;

And whereas the said Convention has been duly ratified on both parts, and the ratifications of the two Governments were exchanged in the City of Washington, on the seventeenth day of January, one thousand nine hundred and seventeen;

Now, therefore, be it known that I, Woodrow Wilson, President of the United States of America, have caused the said Convention to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof, subject to the said understanding of the Senate of the United States.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this twenty-fifth day of January in the year of our Lord one thousand nine hundred and [SEAL] seventeen, and of the Independence of the United States of America the one hundred and forty-first.

WOODROW WILSON

By the President:

ROBERT LANSING,
Secretary of State.

DECLARATION

In proceeding this day to the signature of the Convention respecting the cession of the Danish West-Indian Islands to the United States of America, the undersigned Secretary of State of the United States of America, duly authorized by his Government, has the honor to declare that the Government of the United States of America will not object to the Danish Government extending their political and economic interests to the whole of Greenland.

ROBERT LANSING

NEW YORK, August 4, 1916.

[Exchange of Notes mentioned in Proclamation]

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, January 3, 1917.

SIR: I have the honor to inform you that the Senate of the United States by its resolution of ratification has advised and consented to the ratification of the convention between the United States and Denmark, ceding to the United States the Danish West Indian Islands, with the following provisos:

"Provided, however, That it is declared by the Senate that in advising and consenting to the ratification of the said convention, such advice and consent are given with the understanding, to be expressed as a part of the instrument of ratification, that such Convention shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands, or in which the said church may have an interest, nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said church, beyond protecting said church in the possession and use of church property as stated in said Convention, in the same manner and to the same extent only as other churches shall be protected in the possession and use of their several properties. And provided further, that the Senate advises and consents to the ratification of the said Convention on condition that the attitude of the United States in this particular, as set forth in the above proviso, be made the subject of an exchange of notes between the Governments of the two High Contracting Parties, so as to make it plain that this condition is understood and accepted by the two Governments, the purpose hereof being to bring the said Convention clearly within the Constitutional powers of the United States with respect to church establishment and freedom of religion."

In view of this resolution of the Senate I have the honor to state that it is understood and accepted by the Government of the United States and the Government of Denmark that the provisions of this Convention referring to the property and funds belonging to the Danish National Church in the Danish West Indian Islands shall not be taken and construed by the High Contracting Parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish West Indian Islands, or in which the said church may have an interest nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said church, beyond protecting said church in the possession and use of church property as stated in said Convention, in the same manner and to the same extent only as other churches shall be protected in the possession and use of their several properties.

I trust that your Government will in a formal reply to this communication accept this understanding as to the meaning and construction of the provisions of said Convention in accordance with the foregoing resolution of the Senate.

Accept, Sir, the renewed assurances of my highest consideration.

ROBERT LANSING

The Danish Minister to the Secretary of State

THE DANISH LEGATION

Washington, D. C. January 3rd 1917.

SIR: In reply to your communication of this day concerning the relation of the United States to the rights of the Established Church in the Danish West Indies and to the provisions referring to this point in the convention between the United States and Denmark ceding to the States the Danish Westindian Islands, I have the honour to state that it is understood and accepted by the Government of Denmark and the Government of the United States that the provisions of this convention referring to the property and funds belonging to the Danish National Church in the Danish Westindian Islands shall not be taken and construed by the high contracting parties as imposing any trust upon the United States with respect to any funds belonging to the Danish National Church in the Danish Westindian Islands or in which the said Church may have an interest nor as imposing upon the United States any duty or responsibility with respect to the management of any property belonging to said church beyond protecting said church in the possession and use of church property as stated in said convention in the same manner and to the same extent only as other churches shall be protected in the possession and use of their several properties.

It will be evident from the above that the Danish Government accept the understanding as to the meaning and construction of the provisions of the said convention in accordance with the resolution of the United States' Senate concerning the question of the rights of the Church in the Islands.

I have the honor to be, Sir, with the highest consideration,
Your most obedient and humble servant,

C. BRUN

File No. 711.5914/232A

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,

Washington, March 22, 1917.

MY DEAR MR. MINISTER: The Congress of the United States having provided the \$25,000,000 which, under Article 5 of the Convention of August 4, 1916, the Government of the United States, in full consideration of the cession of the Danish West Indian Islands to the United States, agreed to pay in the City of Washington, to the diplomatic representative or other agent of His Majesty, the King of Denmark, duly authorized to receive the money, within ninety days from the date of the exchange of the ratifications of the convention, I have the honor to inquire to whom it is the desire of the Danish Government the money should be paid.

As the convention provides that the \$25,000,000 shall be paid in gold coin of the United States, I beg also to inquire whether a Treasury warrant, payable in gold coin will be acceptable to the Government of Denmark. It may be, in view of the manifest risks involved that the Government of Denmark would not care to undertake to make gold shipments at the present time, and I would, therefore, be further obliged if you will kindly advise me whether it is the

purpose to ship the gold out of this country or whether a credit of the amount would be all that the Government of Denmark would require for the time being.

Requesting that I may receive your replies to these inquiries at your earliest convenience,

I am [etc.]

ROBERT LANSING

File No. 711.5914/235

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, March 27, 1917.

MY DEAR MR. MINISTER: I beg to acknowledge the receipt of your communication of the 24th instant in which, in reply to mine of March 22, concerning the payment by the United States of the money consideration for the cession of the Danish West Indian Islands, you inform me that you have been authorized by full power to receive the money on behalf of the Danish Government, and of the desire of that Government with respect to the mode of payment. I have hastened to enclose a copy of your communication to the Secretary of the Treasury for his information.

You also advise me by your letter that the Acting Governor of the Islands, Captain H. Konow, Royal Danish Navy, has been designated on behalf of the Danish Government, to carry out the formal delivery of the islands to the United States representative.

Understanding that it is the wish of the Danish Government that the payment be made prior to April 2, I beg to advise you that, desiring to oblige your Government in this regard, we shall be happy to make the payment to you on Saturday, March 31, at 11 a. m. Instructions have been sent to Admiral William L. Rodgers to proceed from Guantanamo to St. Thomas and to take over the islands in the name of this Government on the same day, Saturday, March 31. Admiral Rodgers will remain only until the arrival of the New Governor, Admiral James H. Oliver, on or about April 10.

I am [etc.]

ROBERT LANSING

File No. 711.5914/241a

The Secretary of State to the Danish Minister

DEPARTMENT OF STATE,
Washington, March 28, 1917.

DEAR MR. MINISTER: Referring to that part of my personal communication to you of yesterday's date stating that instructions had been sent to Admiral William L. Rodgers to proceed from Guantanamo to St. Thomas to take over the Danish West Indian Islands in the name of this Government, I beg now to inform you that, it having been found impossible to get into communication with Admiral Rodgers, Commander Edwin T. Pollock, United States Navy, has been substituted for this service in place of Admiral Rodgers, and that Commander Pollock left Haiti last night for St. Thomas.

I am [etc.]

ROBERT LANSING

File No. 711.5914/236b

The Secretary of State to Consul Payne

[Telegram]

DEPARTMENT OF STATE,
Washington, March 28, 1917.

Act March 3 last appropriated money for purchase Danish West Indies. Transfer arranged for March 31st. Naval officers now *en route* will arrive take charge that day. Law provides that where not incompatible with changed sovereignty laws regulating election and electoral franchise as set forth in Code published at Amalienborg April 6, 1906, and other local laws in force in islands January 17th last remain in force and shall be administered by several officials through local judicial tribunals. Colonial council having jurisdiction may repeal, alter or amend any said laws with President's approval. Jurisdiction of judicial tribunals extends all judicial proceedings in which United States or any citizen thereof is party. Cases reviewable by courts of Denmark, writs of error and appeals shall be to Circuit Court Appeals, Third Circuit. Articles exported United States subject same duty as paid upon similar articles from foreign countries except growth, product or manufacture of the islands or United States, or not containing more than twenty per centum foreign material which will be admitted United States free.

For present, laws now imposing taxes including customs continue in force except articles the growth, product or manufacture of United States admitted free. Sugar exported to foreign countries or United States will pay export duty eight dollars per ton irrespective of polariscope test in lieu any export tax now required. Duties and taxes collected will be used and expended under the President for benefit such islands.

Upon Commander Pollock's arrival and assumption charge you will immediately close consulate, turn furniture over to Naval authorities together with archives, if they desire them; otherwise they should be packed and shipped Washington. You and Zabriskie will proceed Washington with seal, fee stamps, codes. Messenger services will terminate March 31st.

LANSING

File No. 711.5914/243a

DEPARTMENT OF STATE,
*Washington, April 2, 1917.**To the Diplomatic Officers of the United States*

GENTLEMEN: By the convention concluded between the United States and Denmark on August 4, 1916, the ratifications of which were exchanged at Washington on January 17, 1917, the Government of His Majesty the King of Denmark ceded to the United States "all territory, dominion and sovereignty, possessed, asserted or claimed by Denmark in the West Indies, including the Islands of St. Thomas, St. John and St. Croix, together with the adjacent islands and rocks," in consideration of the payment by the United States within 90 days from the date of the exchange of the ratifications of the convention of the sum of \$25,000,000, in gold coin of the United States. The

payment of this sum was made at Washington on March 31, 1917, to the agent authorized by the Government of Denmark to receive the money; and on the same day the islands were formally transferred by Denmark to the United States, and possession effectively taken.

You are instructed to communicate officially the above information to the Government to which you are respectively accredited, advising them at the same time that in the opinion of the Government of the United States it would be desirable for existing foreign consuls in the islands ceded by Denmark to the United States to receive new commissions from their Governments upon which the Government of the United States could issue its exequatur.

I am [etc.]

ROBERT LANSING

File No. 711.5914/244

Minister Egan to the Secretary of State

No. 1010

AMERICAN LEGATION,
Copenhagen, April 3, 1917.

SIR: I have the honor to transmit herewith the Royal Resolution of March 9th, 1917, concerning the inhabitants of the Danish West Indies. The resolution was in the form of an open letter and was published a few days ago in St. Thomas, St. Croix and St. Jan. As soon as the official copy is issued it will be forwarded to the Department.

I have [etc.]

MAURICE FRANCOIS EGAN

[Inclosure]

The following open communication, addressed to the inhabitants of the Danish West Indies, was published a few days ago in St. Thomas, St. Croix and St. Jan.

We, Christian the Tenth, King of Denmark, etc., extend our Royal Greetings to our dear and loyal citizens of St. Thomas, St. Croix and St. Jan.

Being convinced that the Islands will have a better prospect for developing their interests under the United States, We have, with the consent of Parliament, concluded a convention with the President of the United States, concerning the cession of the islands to the afore-mentioned States.

We have made a point of securing for you, through exact and specified rules—which are contained in the convention—protection in the exercise of your freedom, religion, property and other rights. You are at liberty to remain upon or leave the islands at any time. In either case you will maintain your rights of possession, and have the right to sell or dispose of any property you may own, or the proceeds thereof. If you remain on the islands you will continue, until otherwise concluded, to enjoy all such private rights as are provided by the present laws, and in case the present laws are changed, such change will cause no retrogression in the aforementioned rights or freedom. Those who remain on the islands have the right to preserve their Danish citizenship. This should be done by making a declaration before the Court of Record within the expiration of one year after the ratification of the treaty, (January 17, 1917) to the effect that you desire to preserve your relation to Denmark. The parents or guardians of children under eighteen years should make the declaration on the latter's behalf.

The decision about such citizenship, however, will constitute no hindrance, after the expiration of the above-named time limit, for giving up your Danish citizenship and becoming a citizen of the United States on such conditions as may have been prescribed to other inhabitants of the islands in accordance with the laws of the United States.

While parting with you, We express the hope that you will bear in kind memory the centuries during which Denmark was your mother country. We express to you Our Royal Gratitude for the loyalty and sincerity you have shown us and the population of Denmark, and extend to you the best wishes for a happy and prosperous future.

Given at AMALIENBORG, *March 9, 1917*,
Under Our Royal Hand and Seal,

CHRISTIAN R. (L. S.)
ZAHLE

File No 711.5914/544a

DEPARTMENT OF STATE,
Washington, April 19, 1917.

To the American Consular Officers (Including Consular Agents)

GENTLEMEN: By the convention concluded between the United States and Denmark on August 4, 1916, the ratifications of which were exchanged at Washington on January 17, 1917, the Government of His Majesty the King of Denmark ceded to the United States "all territory, dominion, and sovereignty, possessed, asserted, or claimed by Denmark in the West Indies, including the islands of St. Thomas, St. John, and St. Croix, together with the adjacent islands and rocks," in consideration of the payment by the United States within 90 days from the date of the exchange of the ratifications of the convention of the sum of \$25,000,000 in gold coin of the United States. The payment of this sum was made at Washington on March 31, 1917, to the agent authorized by the Government of Denmark to receive the money, and on the same day the islands were formally transferred by Denmark to the United States and possession effectively taken.

These islands, which will be known in the future as the Virgin Islands, are being administered under the Navy Department, Admiral James H. Oliver having been designated as governor.

You are instructed that any consular services you may be called upon to perform, such as certification of invoices, issuance of bills of health, etc., should, pending further instructions, be performed in the same manner as services for other insular possessions of the United States, such as the Philippine Islands and Porto Rico.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

DOMINICAN REPUBLIC

POLITICAL AFFAIRS¹. CONTINUATION OF THE MILITARY OCCUPATION OF THE REPUBLIC BY UNITED STATES FORCES. MEASURES AND REFORMS FOR THE PACIFICATION AND REHABILITATION OF THE COUNTRY.

File No. 839.51/1821

The Secretary of State to Minister Russell

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, January 2, 1917, 4 p. m.

With reference to conversations at Department it is thought that Military Government may now economize as was suggested.

LANSING

File No. 839.00/1983

Minister Russell to the Secretary of State

No. 152

AMERICAN LEGATION,
Santo Domingo, January 5, 1917.

SIR: I have the honor to report that conditions here are growing better daily. The people have accepted the Military Government with remarkably good grace, and throughout the Republic a feeling of security obtains not experienced for some time. The payment of past due salaries and the regular disbursement of funds for services rendered have helped enormously.

The reconstruction work is a serious matter, as all departments of the Government were absolutely at a standstill when we took possession. The reforms to be instituted are many, and constant and careful study of the problem is necessary. The Military Government will have to continue for a considerable time before the country will be in a position for a *de facto* government of its own. The head of the Military Government, as well as all of the officers in charge of the departments, should be absolutely free from all other duties in order to conduct the government business. Captain Knapp as commander of the cruiser force has very important duties in connection with the fleet, and the naval officers in charge of the Executive Departments have their own ships to look after. The details of this important governmental work are vast and require constant attention and study, and there are so many opportunities for failure unless a thorough and well organized system of provisional government is established.

¹Continued from For. Rel. 1916, pp. 220—248.

The plan for the establishment of the constabulary has not yet been completed. Various conferences on this subject have been held, and the organization as proposed by the military was found to be entirely too expensive for the revenues of the country, considering the other pressing needs.

Referring to my telegram of December 28, 4 p. m.,² and the reply of the Department of January 2, 4 p. m., I have to report that Captain Knapp, acting on my advice, had already issued an executive order suspending the functions of Congress and eliminating the emoluments of the Senators and Deputies. A copy of this order, No. 18, will be found amongst enclosures.

I enclose herewith copies² of the *Official Gazette* containing all executive orders issued since the establishment of the Military Government.

I have [etc.]

WILLIAM W. RUSSELL

[Inclosure 1]

Executive Order No. 18

SANTO DOMINGO, *January 2, 1917.*

As no quorum of the Dominican Congress exists, due to the expiration of the terms of office of certain members of the Senate and House of Deputies, and to the fact that such elections as may have been held to fill vacancies so caused will not be recognized as valid by the Military Government, having been held under the direction of an administration not recognized by the United States, and to the further fact that all elections have been suspended for the present by Executive Order No. 12, of December 26, 1916; it is ordered:

First: That the sessions of Dominican Congress are suspended until after elections shall have been ordered and held to fill vacancies now existing; and

Second: That the Senators and Deputies whose terms have not expired are likewise suspended from office until the full Congress shall be called into session, and that in the meantime their emoluments shall cease.

H. S. KNAPP

File No. 839.00/1983

The Secretary of State to Minister Russell

No. 93

DEPARTMENT OF STATE,
Washington, January 23, 1917.

SIR: The Department has received your No. 152, of the 5th instant, reporting improved conditions in the Dominican Republic, and stating that the people have accepted the Military Government with remarkably good grace and that throughout the country a feeling of security obtains such as has not existed for some time.

Your despatch has been read with gratification and interest. The Department has the question of the work of the reconstruction of the Dominican Government under careful consideration.

Your reported action in advising Captain Knapp to issue an executive order suspending the functions of Congress and eliminating the emoluments of the Senators and Deputies is approved.

I am [etc.]

ROBERT LANSING

²Not printed.

File No. 839.00/2041

Chargé Goold to the Secretary of State

No. 229

AMERICAN LEGATION,
Santo Domingo, July 27, 1917.

SIR: I have the honor to refer to a telegram from the Legation dated September 16, 9 p. m., 1915,³ reporting the attack made by a group of bandits on the revenue cutter of the receivership and the wounding of its commanding officer, Captain Nielsen. Subsequent correspondence between the Department and the Legation discussed the question of the arrest and punishment of the leaders of this group by the Dominican Government.

I now have to refer particularly to the Legation's telegram of October 24, 3 p. m., 1916,⁴ informing the Department of the arrest by American military forces of Emiliano Rojas for his participation in this crime, and to say that on July 24 Rojas was sentenced by the Court of First Instance of this judicial district to imprisonment of one year, counting from the day of his arrest on October 24, 1916.

As reported in the last mentioned telegram, Ramon Baptista, the real leader of the bandits, was killed in an encounter with our forces at the time of his attempted arrest. The third principal involved, Julio Bonetti, died in December last.

I have [etc.]

HERBERT S. GOOLD

File No. 839.00/2043

*The Secretary of the Navy to the Secretary of State*NAVY DEPARTMENT,
Washington, August 8, 1917.

The Secretary of the Navy presents his compliments to the Honorable the Secretary of State, and desires that I forward herewith for the information of the Department of State a copy of the Annual Report of the Military Government of Santo Domingo from date of Proclamation, November 29, 1916, to June 30, 1917.

Very respectfully,

C. BELKNAP
Lieutenant Commander, U. S. N.

[Inclosure—Extract]

The Annual Report of the Military Government of Santo Domingo up to end of fiscal year, June 30, 1917

SANTO DOMINGO, *July 21, 1917.*

Although Military Government in Santo Domingo was not proclaimed until November 29, 1916, this report includes a brief record of events with which I was concerned and which occurred prior to that date.

While awaiting Rear Admiral Pond's convenience to relieve him, I made such study of the conditions here as were proper in his presence, and immediately after relieving him, I pursued my investigation of the conditions and the attitude of the Provisional Government.

³ For. Rel. 1915, p. 295.⁴ For. Rel. 1916, p. 238.

The result of my investigations convinced me by November 27, that there was no real change in the attitude of the Provisional Government, the unsatisfactory nature of which had been impressed upon me in Washington, and that it either would not or could not undertake the measures of reform desired by the United States Government. This fact I reported to the Department, together with my opinion that the conclusion reached in conferences in Washington was correct.

On November 28, at 2 o'clock p. m., I received a radiogram from the Secretary of the Navy, directing me to issue, with one excision, and put into effect, the Proclamation of Military Government that had been prepared before I left Washington, a copy of which I had.

The Proclamation was received without outward disturbance, except in the City of San Francisco de Macoris, Province of Pacificador, in the northern part of the Island.

Since the proclamation of Military Government up to the present time there has been no political disturbance of any magnitude. The nearest approach was the uprising in Azua Province, which was suspected, but not with absolute proof, of being fomented by one of the professional political leaders of the country. This was promptly handled by the forces at the disposal of the Military Government which were dispatched to the scene; quiet now reigns in that Province.

In January troops were sent to San Pedro de Macoris, in the south of the Island, where the sugar estates were practically being blackmailed by a desperado named Cha-chá. At the time when Military Government was proclaimed there were not sufficient troops to garrison Macoris, and for some time after that the managers of the sugar estates themselves requested that no troops be sent for fear it would occasion an outbreak; but General Pendleton and myself, after waiting to see that conditions were generally quiet in other parts of the country, determined that this condition could not be allowed to go on, and troops were sent to Macoris. During this operation Captain John R. Henley was wounded and Lieutenant James K. Bolton was killed while taking luncheon on board a small vessel at the wharf of Macoris. This act was murder pure and simple by a half-grown boy. Except for the excitement attendant upon such an affair, there was no real opposition in Macoris City. Out in the Province, Cha-chá and a number of his followers took to the woods and were vigorously pursued. After a very short time he surrendered and his band was broken up.

There was, however, another bandit, Vicentico Evangelista, a man of more commanding personality than Cha-chá, who, after the latter surrendered, gradually gathered about him a band of marauders whose depredations have been the occasion of considerable anxiety to the Military Government. He has been operating in the northern part of Macoris Province and in the adjacent Province of Seibo where he has terrorized the Dominicans to the extent that it is almost impossible to get accurate information from them. The country is very difficult to operate in, but at the date terminating this report, he is being vigorously pursued.

With the exception of Vicentico Evangelista's activities, the country is quiet at the end of June, in so far as any known organized bands are concerned. There are in Santo Domingo, as in every country, lawless individuals, but there is not believed to be now any organization of armed men of any considerable numbers who are in opposition to the Military Government or to the general peace of the country.

The disarming of the population of Santo Domingo has gone on steadily from the first days of Military Government. There are doubtless still many arms in the country that have not been turned in, which is evidenced by the fact that arms are being slowly collected even at this time and that the band of Vicentico Evangelista is known to have a considerable number of rifles, some of which are apparently quite new. As a whole, however, the country has been disarmed, to the very great advancement of general tranquility. The good effect has been evident from the first. The holiday season has usually been one when in the cities and larger towns there was much shooting, and when violent deaths were always expected to occur. During the holidays of the end of 1916, excellent order was maintained in Santo Domingo City, and I heard later on that the same was true of the rest of the Republic, in marked contrast to previous years. On later holidays that have occurred up to the present time, the same conditions of good order have obtained. It has been a matter of remark to me by Dominicans that the disarming of the populace was one of the best things that ever occurred in Santo Domingo.

While, from all indications, there is now no armed revolutionary uprising to be feared so long as the military forces of the United States are in occupation, it must not be inferred that the political leaders have given up their ambitions; or that, if left to themselves, the tranquillity of Santo Domingo has been permanently assured. On the very day of this writing, shortly after the end of the fiscal year, I am assured by a Dominican of wide acquaintance and great experience, that the ambitions of the leaders are only dormant, that they are still cherished, and that if the United States were to withdraw its forces conditions would shortly become as bad as they were before. With every day of tranquillity, however, conditions are bound to mend; and if the Guardia Nacional, now being organized, can be indoctrinated properly, and especially if it can be given the example of the United States Marines serving alongside of it for a considerable period, there is hope that in the long run the people of Santo Domingo will appreciate so thoroughly the advantages of a stable condition of good order that, with the aid of the national police force, they will themselves not further permit the revolutionary movements that have done so much in the past to retard the country's development.

As a measure of coercion, payments of the Dominican Government under the Budget of January 1, 1916, were suspended on August 18, 1916, through the action of the United States Government. This suspension of payments had caused a great deal of real distress, and its effect was probably on the whole unfortunate. Many people were deprived of their income who were themselves in no position to force the Dominican Government to meet the wishes of the United States; and a feeling of resentment was engendered which could not help having a bad effect. I had learned of this condition before leaving Washington, and after arriving here I learned much more about it. The resumption of payments seemed not only a proper measure, but one that was demanded by the situation. I was informed that if it was made simultaneously with the declaration of Military Government, it would probably have great effect in quieting the opposition that was naturally to be expected, in thought if not in deed. The resumption of payments was provided for in an announcement issued simultaneously with the Proclamation, and in addition I wrote a letter to the Receiver General of Customs requesting that all checks drawn for payment of salaries be made payable only to the individuals in whose favor they were drawn and that they should not be transferable by endorsement. This precaution was rendered necessary owing to the practice of loan sharks of buying up salary claims at a great discount, sometimes as high as eighty percent. The method had been found to work well in Haiti, and on the whole it has worked well here and is still in effect. On December 2, three days later, I wrote a letter to the General Receiver exempting from the payment of salaries the Provisional President, the members of his Cabinet, members of Congress and the major officials appointed by the Provisional President. It required some time to catch up with the back payments, but they have, for a considerable period now, been out of the way. The good effect of these measures met anticipations.

After the issuance of the Proclamation of Military Government, I waited for some days to see if the members of the Provisional Government would in any way cooperate with the Military Government in carrying on the ordinary administration of affairs. The hope that I had in this direction proved to be unfounded; and I was assured by persons most familiar with conditions here that I could expect no assistance of the kind. I established the offices of the Military Government in the Government Palace. Upon taking possession, it was found that the President and all of the members of the Cabinet had come to their offices after the Proclamation of Military Government, had cleaned out their desks, and had not since appeared in the Government Palace. It was an evident case of desertion. Under the circumstances, as the affairs of government had to go on under intelligent administration, I placed the several Departments of the Dominican Government in charge of officers under my command. The first of these Departments to be placed in charge of an American officer were those of War and Navy, and of Interior and Police, which were put under the administration of Brigadier General Pendleton. Four days later Commander B. B. Bierer was designated to administer the Departments of Foreign Relations, Justice and Public Instruction, Agriculture and Immigration, and Fomento and Communications; and Paymaster Hagner to administer the Department of Exchequer and Commerce. This action did not meet the immediate approval of the Department which was, however, eventually given. Since that time changes have occurred in the officers administering the Departments as has been made necessary by detachments. At

the present time the Departments of War and Navy, and Interior and Police, are being administered by Lieutenant Colonel W. N. McKelvy in the absence of Brigadier General Pendleton, on sick leave. The Departments of Justice and Public Instruction, and of Foreign Relations are being administered by Colonel R. H. Lane; and the Departments of Fomento and Communications, and of Agriculture and Immigration, are being administered by Lieutenant C. C. Baughman, of my Staff; while Paymaster Hagner has continued from the outset to administer the Department of Exchequer and Commerce.

This action was forced upon me by the attitude of the members of the Dominican Government. It did not appear possible to get Dominicans of the proper caliber who would accept these high administrative offices, for they were afraid of the criticism that they would receive from their own people. I could not force Dominicans into office, but I was able to direct officers under my command to assume these duties.

The action taken prevented the utter disorganization of governmental administration. There were, moreover, some particular reasons why it was necessary to have some of the Cabinet offices promptly filled. It was desirable to begin, as soon as possible, public works which had been interrupted by the state of turmoil that had existed, and by the arrangements under the Treaty of 1907, the necessary funds required the signature of Dominican officials before they could be withdrawn from the Guaranty Trust Company of New York, which is the depository of the Dominican Loan.

The result has been most fortunate. Unforeseen as the action taken was to me when I came to Santo Domingo, looking back I now consider that it has helped enormously in the progress of the objects for which the occupation was undertaken. The American officers have been administering their departments with a high degree of intelligence and zeal, and, of course, with integrity and freedom from affiliations here that have never been questioned in them but could not have been counted upon with Dominican officials. Had Dominicans remained in office, I should have had to have their actions constantly observed in any event; but the advantage of having officers actually administering, instead of observing and checking the administration of others, has been evident. Not only is this true from the point of view of the Military Government, but it is true also from the point of view of many disinterested Dominicans. I have myself been asked, almost begged, by Dominicans not to disturb the existing order of things for a long period; not to think of putting Dominicans in these offices, but to continue the administration of affairs through the American officers, whose work is giving such great satisfaction to all disinterested people, and whose presence in the responsible Dominican offices is resented only by the class which has brought the Dominican Government to the low plane which has made it a reproach. I cannot claim any prevision leading up to my action; but I regard that action, taken by force of circumstances, as the most fortunate thing that could have happened.

The sessions of the Dominican Congress by the Constitution in effect begin on the 27th of February, which is the day celebrated as the anniversary of Independence. The sessions last for ninety days and may be prolonged for sixty days more. Every two years the terms expire of one-half of the Deputies and one-third of the Senators. Upon the advent of Military Government, there were calls for election which had been issued by the late Provisional Government to fill these vacancies. The holding of elections at that time was out of the question in the minds of all persons whom I consulted, including Dominicans themselves. I therefore issued Executive Order No. 12 on the 26th of December, 1916, after I had had sufficient time to familiarize myself with conditions and to receive reports from the Marine officers in the more distant parts of the country, none of whom believed in the elections being held. The executive order met the approval of all who wished well to Santo Domingo.

One of the reasons that led to the intervention was the great increase in the public debt that had taken place without the consent of the United States, despite the provisions of Article III of the Treaty of 1907. This debt has been accumulated in various ways, from positive graft to real necessity for the suppression of revolution; some of it is for unpaid bills of the Dominican Government, some of it for unpaid salaries and some for claims for damages due to seizures by revolutionary bodies. The present acknowledged public debt, made with the consent of the United States, consists of a \$20,000,000 bond issue at five per cent interest and one per cent amortization annually, and of an additional issue of \$1,500,000, which will be extinguished, it is expected, in September. Thus, after September, the public debt will consist of the \$20,000,000 loan made under the Treaty of 1907, plus such further indebtedness as will result from the

work of the Dominican Claims Commission of 1917. Needless to say, the government is being administered within its income at the present time.

In connection with the \$20,000,000 bond issue, I invite attention to a feature of the agreement with the bankers that appears to me to be vicious. Provision is made for the purchase from time to time of outstanding bonds by the Dominican Government from surplus funds; after November, 1917, the purchase of such bonds will become obligatory as funds are available, the bonds to be retired by lot at the price of 102½. Bonds that have been, or may be, so retired, are simply retired from the hands of investors by whom they were being held, and are then placed in the sinking fund. Interest does not cease on them, but instead of accruing to the outside bond holders, it accrues to the sinking fund; in other words, the monthly charge upon the Dominican Government, instead of gradually decreasing by the absolute retirement of funds, goes on at the uniform rate of \$100,000 per month, five per cent interest and one per cent amortization on the \$20,000,000 loan. The result will be that Santo Domingo will go to bed one night with a \$20,000,000 loan extant, and will wake up the next morning with the whole loan extinguished at once. On the day when the loan is extinguished, the income of the Government will be \$100,000 a month greater than it was the day before. Such a temptation to waste and corruption would be a bad thing if it existed in any government in the world; for the government of a country like Santo Domingo it is hard to conceive of anything worse. The arrangement is an admirable one for the bankers but a very bad one for the good of Santo Domingo; and is one that should not be entered into, in my opinion, in any future loan floated for the benefit of the Republic.

It has been stated above that the Government has been administered within its income by the Military Government. Not only has this been the case, but great savings have been effected, which can be devoted to such matters as education, public health, maintenance of public works and general projects for the benefit of the country. As an illustration of honest administration, the collection of internal revenue may be cited. For the month preceding the placing of the collection of internal revenue under American auspices, May, 1916, the return was \$23,687.24. Mr. J. H. Edwards assumed charge of the collection on June 26, 1916, in which month collections rose to \$34,320.64, since when they have rapidly increased. The collections for June of this year were \$125,000 in round numbers, more than five times what they were thirteen months previous. The customs collections have been honestly made under the Receivership since its creation. What is worthy of note here, however, is that in the past few months they have risen remarkably. This is due to a number of causes, but I feel that it is due in large measure to the confidence felt in the stability of conditions due to Military Government, resulting in an increase of business. During the first month of Military Government (December) customs collections jumped over \$92,000 above those of the preceding month. In January they fell again over \$79,000 to \$340,000 but since then they have increased steadily, except for one month, until for the month of June, 1917, the collections were \$545,000 in round numbers, the largest in the history of the country. A table follows, showing the collections of customs and internal revenue for the year, including May and June, 1916, for the purposes of comparison.

	1916 Internal Revenue	1916 Customs Revenue
May -----	23, 687. 64	-----
June -----	34, 320. 64	341, 341. 50
July -----	46, 001. 91	355, 859. 82
August -----	51, 680. 11	304, 029. 37
September -----	58, 666. 98	314, 164. 62
October -----	74, 292. 45	342, 707. 00
November -----	73, 911. 87	327, 013. 44
December -----	76, 243. 83	419, 511. 40
	1917 Internal Revenue	1917 Customs Revenue
January -----	85, 589. 64	340, 084. 10
February -----	78, 305. 70	366, 086. 88
March -----	79, 854. 21	469, 655. 85
April -----	94, 068. 83	439, 467. 90
May -----	117, 193. 08	518, 770. 85
June -----	125, 312. 40	545, 258. 99

As a consequence of increased collections, on the one hand, and of honest and economical disbursements, on the other hand, the Dominican Treasury has over \$500,000 in hand on June 30, accumulated since November 29, 1916. When the Military Government was proclaimed, the Provisional Government had just borrowed several thousand dollars for daily needs, salaries had been unpaid for a considerable period, and a debt of about \$230,000 had accumulated by overpayments on the budget item 456 "Gastos Imprevistos, \$50,000." Since then back salaries have been paid from June 1, 1916, current salaries have been paid as they came due, current expenses have been met, the overpayment on "Gastos Imprevistos" has been liquidated, about \$240,000 has been spent or obligated for repairs, upkeep of roads and the like, not included in the budget, \$500,000 has been set aside for the first year's expenses of the Guardia Nacional, and the \$500,000 in hand, mentioned above, has been accumulated. Such a showing would have been impossible under old conditions, but it goes to show the possibilities under conditions of tranquillity and honest and economical administration.

The condition of education in the Republic is deplorable. On January 19, I appointed a commission to take up the subject of public instruction and make a report. The commission is composed entirely of Dominicans, for I thought it was wise to have their own views uncolored by any appearance of pressure from outside. The head of the commission is the Archbishop of Santo Domingo. The work before the commission has been a great one and its report has not been presented, but I am informed by the Archbishop that he expects to present it within a few days. After there has been time to digest it, I hope to put in motion measures to improve the status of public education. I am convinced that here, as has proved to be the case in Porto Rico, the Philippines and Cuba, the solution of the problem of good government will be found in the better education of the people. There is no accurate census showing the proportion of illiteracy in the country, but I have had it variously estimated from eighty-five to ninety-five per cent; at any rate it is very high.

The lack of a census was mentioned in the preceding paragraph. It is my intention, if funds can be found, to have a census taken at as early a date as arrangements therefor can be made. The subject is under investigation and I hope soon to be in a position to know whether the census can be undertaken or not.

The future material prosperity of Santo Domingo will be, I believe, principally dependent upon agriculture. There is said to be much valuable timber, and there is known to be some mineral wealth; but the rosy reports about the latter that have occasionally been published need confirmation. Nothing new points to the expectation of anything further than the most modest industrial development. Agricultural possibilities are known to be great, although there are still largely undeveloped methods and tools are archaic; there are rich, semi-arid lands but irrigation has not yet been resorted to in any considerable degree. There are some large foreign corporations engaged in agriculture, chiefly sugar raising. That they increase the business and prosperity of Santo Domingo to some degree is undoubted; that their presence here is not altruistic is equally undoubted. The desirable thing is to show the Dominican people how to raise larger, better and more varied crops, the proceeds of which will accrue to Dominicans themselves and not go in large measure to foreign corporations. A start in this direction has been made by the employment of traveling demonstrators who are especially fitted by education to show the Dominican farmers how to improve their methods. There is much still to do; and now that it has been apparently shown that the Dominican finances will permit of greater expenditures than hitherto for this object, it is hoped in the near future to make further progress than has been possible up to this time.

Another thing that will be of great value to the country, if it can be brought about, is a survey of the whole country. The question of land titles is a burning one. The manufacture of false titles has been a thriving industry, and there are very many false titles in the country. As all titles must rest on surveys, the need is apparent of a general survey of sufficient accuracy to serve as a groundwork for the final surveys for titles. I have already written to the Director of the United States Geological Survey in regard to the matter, and have received from him estimates of the cost of the survey of Santo Domingo. The sum needed is beyond the possibilities from current revenue; but if it can be provided from Public Works funds I consider that a survey is one of the prime public works that should be undertaken here.

When I arrived in Santo Domingo, public works were almost at a standstill. The Department of Public Works, which is in reality not a department, but a division of the Cabinet Department of Fomento and Communications, is presided over

by an American engineer, nominated by the United States. Monies for the public works undertaken by the Department are appropriated for in the first instance by the Dominican Congress and the appropriation, if from the Dominican loan, must be approved by the State Department in Washington before the money can be made available. After giving myself time to understand the situation I took the necessary measures to get funds for the prosecution of such works as had already been authorized, and to undertake certain new works. This included the completion of the bridge over the River Ozama at this city which has been finished and is now in daily use; the repair, and the elimination of rack sections, of the Ferrocarril Central Dominicano, the national railway in the North, which was in a state of decrepitude by reason of revolutionary activities; the completion of a road between Moca and La Vega now under construction; the completion of a bridge over the Nigua River for which preparations are going on; the improvement of the water front of the Ozama River at Santo Domingo City, for which plans have been made and which will be shortly undertaken; and an audit of the accounts of the Public Works Department which is in progress; the completion of a road from Santo Domingo City to the town of Los Alcarrazos which had been suspended at a distance of about three miles from the latter place owing to the lack of funds; and for the completion of harbor improvements at Puerto Plata now in progress.

The audit of the Public Works Department was spoken of in the preceding paragraph. In my earlier days here many reports were rife about the necessity for a thorough investigation of the Public Works Department, whose system of accounting, I was told, was faulty and not modern. I heard many stories of questionable accounts for work that had been ordered by Dominican officials to be done by the Director of Public Works or his subordinates, and even of the diversion of Public Work's material to private use. I have had, and have now, no occasion to believe that the actions of the present Director of Public Works have been other than entirely above suspicion; but, for his protection and also for the clear record of the Military Government, I considered that it was necessary that a thorough audit by trained auditors should be made of the Public Works Department, in order that the actual status of affairs at the present time might be known; that any instance in the past of an improper nature might be brought to light, and that a modern and satisfactory system of accounting should be established for the Public Works Department in the future. That audit is now in progress.

Another matter connected with the Public Works Department has been rectified recently. I found that there was no appropriation for the standing expenses of the office and field organization of the Public Works Department, and that, in consequence, the expenses of the office and general field work had to be provided for from the appropriations for specific projects. Such a condition of affairs was not business-like, as it did not permit the making of proper surveys as a basis of estimates for work to be done; and it further tended to enhance the cost of individual projects when the number of projects under way was reduced for any reason. I therefore communicated on this matter with the Department and the State Department, and received authority to make an appropriation for the standing expenses of the Department, which was done on the 27th of June.

I have received the impression, since being in Santo Domingo, that Public Works projects have not always been conceived for the best interests of the country as a whole, and on mentioning my impression to the American Minister, he informed me that the same impression existed in the State Department, which desired to have a broad scheme of public works laid out upon which the remainder of the loan available for public works may be spent in a manner that will be to the greatest advantage of the whole country. I have desired, if possible, before finally advising upon such a scheme, to visit the particular parts of the country, either in person or through officers on my Staff, especially Civil Engineer Whitman, but have been so closely tied down myself hitherto, as have also all the officers on the Staff, that this has not yet proved to be practicable. With a view, however, to getting a general consensus of the Dominicans themselves, representative bodies in different parts of the country have been asked to submit reports stating first, what they consider necessary for the general good of the country, and second, any projects that they may regard as necessary for the improvement of their own especial locality. These reports have been received and analyzed, and in a short time I hope the comprehensive scheme desired by the State Department may be ready to submit. I find much confusion in the minds of the Dominicans regarding the distinction between national and municipal works. All municipalities are very anxious to have certain local municipal pub-

lic works undertaken by the national government. This I have consistently discouraged, as it appears to me that the funds provided by the national loan cannot properly be expended on projects other than those of national advantage.

There is nothing in the organization of the Dominican Government that provides any adequate public health service. This subject has been under investigation by P. A. Surgeon P. E. Garrison, U. S. Navy, since the first days of the occupation. In Santo Domingo City, he has cooperated with the municipal government and with the medical fraternity to as great an extent as has been possible. On December 13, he was made the head of the Board of Sanitation authorized under the Dominican law but which was found then to be inactive in its operations. Since that time progress has been made, but slowly. In the first place, there was for a considerable time doubt as to the possibility of having the necessary funds for any far-reaching project; then also it was considered advisable to proceed with some deliberation in order to adapt any scheme that might be adopted to the local conditions. It is hoped soon, as in the case of education, to be able to apply some thorough going measures. Meanwhile, the time has not been lost.

The railroad from Puerto Plata through Santiago to Moca is government owned. Due to the revolutionary habit of the country, the railroad had gone into a state of such decrepitude that it was unsafe to run trains. At the time of the proclamation of Military Government, the railroad had been placed in the hands of an American engineer nominated by the State Department. Immediately upon taking charge of affairs, reports began to reach me of the unsatisfactory condition of the railroad; and, what was worse, of the apparent lack of energetic steps on the part of the manager to put it on a working basis. Capital for that purpose had been furnished by an arrangement whereby funds from the loan were made available, but the work did not get ahead. I caused an inspection to be made of the road and based on the report of that inspection, and of a later one and upon the universal testimony of people from the northern part of the country, I reluctantly reached the conclusion that the American manager was not the proper man for his office. I therefore reported these facts and was authorized to remove him, which I did. The railroad is now under the management of Mr. J. T. Collins, an American, who has shown every indication of energy and ability. He has moved all the freight that was congested at the terminals at either end, has cared for the current business, and is in the meantime making repairs and betterments at a satisfactory rate of progress. The change has been a happy one for the country served by the railroad, and particularly for the good name and good faith of the American Government.

One of the most important matters to be taken up by the Military Government was the establishment of a constabulary force. The word "constabulary" itself does not appear to be acceptable to the Dominican people, and the word "guardia" has been substituted for it. The Dominicans are familiar with the word, as there was a Guardia Republicana in existence when Military Government came in. That force has now been entirely disbanded, and the new Guardia has been named "Guardia Nacional Dominicana." The organization of the Guardia and its recruitment have not yet been fully established; but its strength is now about sixty percent of the enlisted force contemplated at the beginning, and recruiting is going on all the time. In the early days of the occupation many conferences were had between the American Minister, the marine officers at headquarters, the officers on the staff and myself, to which were invited also Mr. Baxter, Receiver General of Customs, and Mr. Edwards, the Deputy Receiver General in charge of the Contaduria de Hacienda. It was a very important matter to form an estimate of the funds that would be available for the Guardia, and the two last-named gentlemen were those best qualified to look forward to possible revenue in the future. These gentlemen also have a wide knowledge of Dominican affairs which was most useful in considering the purposes for which the Guardia was to be established. It was almost the unanimous opinion that twenty-five percent of the current revenue was the maximum which should be devoted to the support of the Guardia, and as much less than that as might be possible, in order that other important matters such as education, agriculture, public works including means of communication, and not excluding a proper salary list for high officials, might be able to be cared for by the remainder of the available current revenue.

After reaching some conclusions I reported to the Department, and in March I was authorized to organize and establish the Guardia at my discretion. After receiving these instructions work was taken up immediately; but owing to changes of personnel here, and also to the failure to receive any confirmation of names submitted for commandant, the work was not as rapid as could have been desired. Finally Lieutenant Colonel Thorpe was detailed as acting commandant, which he remained until he took the field in pursuit of Vicentico Evangelista, when Major Ramsey was detailed in his place. Both of these officers had the work of the Guardia in addition to the other duties that they had hitherto performed. This has, of course, militated against the rapid development of the organization. It is now, however, in a fair way to be completed within a reasonable time, and when the details are ready the Department will be informed of the full organization of the Guardia. The officer whom it is intended to request the Department to detail as the commandant is on his way here to take charge temporarily, and the other officers and non-commissioned officers will be named as soon after his arrival as matters can be arranged with him. The organization is one that will readily admit of expansion if necessary. The number allowed has been deemed sufficient by the officers in conference, provided the full strength of the Guardia takes charge when the country is in a condition of tranquillity, and further provided that the Guardia has had sufficient indoctrination and training alongside of the marines. This last will not be the case for many months to come.

Owing to the withdrawal of marines from Santo Domingo at two different times, it has been necessary to rush the half-trained men of the Guardia into the field before they were ready for service. The withdrawals of marines each happened to take place at a most unfortunate time, and in order to have sufficient forces to meet emergencies it was necessary, as just said, to call upon the Guardia. On the whole they have done as well as could be expected and perhaps even better than could be expected under the circumstances; and I am very hopeful that when the men can be drawn in for the first period of intensive training and indoctrination, they can be trusted then to go out and perform their functions excellently. One idea will be to place the men of the Guardia in parts of the country which are not their homes, in order to remove, as far as possible, the influences that might be brought upon them by people who knew them or could bring influence to bear upon their families. I believe Dominicans are capable of producing a body of excellently trained police; and in my opinion police are what are needed in this country, not an army.

There are still many things that need the attention of the Military Government to a greater degree than has yet been given to them, and which will receive attention as rapidly as well digested programs for their betterment can be thought out. Among these are the administration of justice and the personnel of the courts; the question of taxes, both national and municipal; the settlement of the boundary between Santo Domingo and Haiti; the establishment of a national prison on modern lines; the establishment of a leper hospital; the further improvement of means of communication; and the improvement in education and agriculture already mentioned.

Some minor things that have been done and that have not been mentioned are the creation of an auditing department for the Dominican Government and the continuation of the budget for 1916. The budget should be entirely revised, but the revision needs all the experience that has been gained hitherto, and even more, before a new budget can be intelligently made. In the meantime the old budget serves sufficiently well for all practical purposes. In addition to these matters just mentioned, there has been much work done in the repairing of public buildings that have been destroyed in revolutions, repairing of roads, rehabilitating the telephone service of the Government and the wireless station at Santo Domingo City, in the improvement of jails and in municipal sanitation. Government offices have been in a number of cases consolidated with excellent results. A postal convention has been concluded between the Dominican Government and the United States, extending the domestic rate of postage in each country to first-class mails destined to the other country. Standard time has been established for the first time in Santo Domingo, the standard time for the country being that of the 70th meridian, which passes almost exactly through the center.

H. S. KNAPP

File No. 839.00/2062

*The Secretary of the Navy to the Secretary of State*NAVY DEPARTMENT,
Washington, November 15, 1917.

The Secretary of the Navy presents his compliments to the Honorable the Secretary of State, and desires that I forward herewith for the information of the Department of State a copy of the Quarterly Report of Military Government of Santo Domingo, from July 1, 1917, to September 30, 1917, from the Head of the Military Government.

Very respectfully,

C. BELKNAP
Lieutenant Commander, U. S. N.

[Inclosure—Extract]

The Quarterly Report of the Military Government of Santo Domingo for the months of July, August and September, 1917

SANTO DOMINGO, October 27, 1917.

The conditions have continued to be quiet, and good order has been maintained throughout the country, speaking generally. There has been occasional lawlessness which must be expected in any country. Conditions are improving every day and are such now that reasonable security of life and property appears to be assured. There have been rumors from time to time of uprisings supposed to be fomented by German influence. Up to this date none of these reports has proved to have any foundation; all such reports are, however, made the subject of careful investigation.

As was reported, the bandit Vicentico Evangelista was killed while endeavoring to escape from the guard having him in charge. His death and the capture of his band have resulted, as was expected, in the resumption of peaceful conditions in Seybo Province and the adjacent part of Macoris Province. He had kept his band together by fear, and had imposed his will upon the parts of the country where he operated by the same means. He had achieved an extraordinary influence, which was manifested in many ways. With his death, however, and the surrender of his band, the entire atmosphere changed; and report after report from that section of the country shows that the people are going back to their peaceful occupations, that crops are being grown and products moved to the sea, where everything had been in a state of stagnation. A number of the principal lieutenants of Vicentico have been, or are being, tried by military commission. The records will be forwarded together, as they are so interrelated that it appears advisable to have them all reach the office of the Judge Advocate General at one time.

The disarming of the population has continued; a very interesting report upon the subject was made recently by the Brigade Commander, which has been forwarded. A résumé of that report shows that since the institution of Military Government, the following total number of deadly weapons has been turned in.

	Revolvers.	Rifles.	Knives.	Swords.	Machetes.	Pate de mules.	Shot-guns.	Rounds ammunition.
Northern Dist.....	19, 419	5, 493	735	257	2	474	111	100, 160
Southern Dist.....	10, 530	4, 412	-----	-----	776	1, 038	1, 389	87, 560
Total.....	29, 949	9, 905	735	257	778	1, 532	2, 000	187, 720

The custom revenues of the country have continued to show a gratifying increase over previous years, although they have somewhat fallen off from the collections of May and June. This, however, is an annual occurrence, the months of late summer and early fall invariably showing a decrease of customs revenues.

In no month have the customs revenues fallen below \$415,000 and the average for the three months covered by this report is \$462,000. The internal revenue collections have also kept up to a gratifying figure. The result is that with economical administration about one and one-half million dollars have been received in the Dominican Treasury, during the ten months since the advent of Military Government, in excess of the current demands under the budget that has been in effect. A revised budget will soon be issued.

In the matter of education progress has been made. The report of the Commission on Education has not yet been submitted, but the main features of it, as applied to present conditions, have been decided upon. Much discussion apparently seems to be required before the final report can be prepared. In the meantime, however, the secretary of the commission has been appointed Superintendent of Education in the place of the incumbent found when Military Government was declared. A considerable increase in budget will be made, unworthy teachers will be weeded out, less attention will be paid to higher education and much more to primary and secondary education. One of the two so-called universities will be suppressed, and efforts will be bent toward reducing illiteracy rather than to providing for the needs of a limited class of students in professional and literary subjects.

The question of agriculture has continued to receive the attention of the Military Government. The employment of traveling demonstrators has continued and the results obtained are very encouraging. It will be a matter of time, however, to find a sufficient number to cover the whole Republic, because the men employed must, in addition to their technical education, be able to speak the Spanish language. Negotiations are under way to employ a Director of Agriculture. The gentleman in mind is now in Porto Rico, serving under the Island Government, and is highly recommended by the Director of Agriculture of that Island. He has been here for a conference with the officers of the Military Government while this report was being prepared. He is expected to return here shortly for a six months' engagement, at the end of which time, if his services prove satisfactory and nothing arises to prevent, he will be permanently employed. His opinion coincides with that already formed by the Military Government, that it is wiser to employ traveling demonstrators than it is to attempt anything at present in the way of agricultural schools. Probably it will be wise in time to have also one or two experimental farms; but the character of the people is such, and their illiteracy is so great, that any attempt to convey agricultural information to them by written matter would be almost entirely lost. Added to this is the conservatism always found in the agricultural classes, but which will, it is believed, yield here most readily to practical demonstrations where the advice of traveling demonstrators is followed. The appropriation hitherto made for the Department of Agriculture will be considerably increased in the new budget under consideration at the present time.

The comprehensive scheme for future public works is not ready, but will be, I trust, very shortly. Preliminary studies have been made, and the formulation of the scheme is, in its general features, already well decided upon. It has, however, seemed wiser to wait until the new budget could be formulated and published, as the two matters will be somewhat connected. It will be my intention to use a certain part of the funds that have accumulated since the advent of Military Government in smaller items of public works, as has been done in the past months, for instance, for the repair and maintenance of public roads. The amount that will be available for such use will have its bearing upon the balance left from the \$20,000,000 loan; therefore the scheme for the employment of the latter funds will be withheld until the new budget can be formulated.

No final scheme for the organization of the Public Health Service of the Dominican Republic has, as yet, been adopted, but preliminary steps have been taken in ways that will fit into such an organization when it shall be put into effect. Matters concerning the Quarantine Service have been put on a more satisfactory basis; and the medical officers of the occupation have rendered much valuable service in the localities where they have been stationed. There will be an opportunity for thorough cooperation between the Public Health Service and the Guardia Nacional, which should become closer and closer as time goes on.

The Dominican Central Railroad has continued to improve under the management of Mr. J. T. Collins; and all reports from the region served by it go to show the satisfaction of the people in the bettered conditions. An attempt is being made, from earnings in excess of amounts needed for ordinary running expenses and repairs, to put the road in first-class condition and to build up the working

capital of \$75,000 which was approved by the State Department in Washington. It will take some time to do this; but the receipts of the road have shown a gratifying balance over expenditures for the past few months.

The Guardia Nacional Dominicana, the constabulary force of the country, has been recruited and trained thus far under the direction of officers and non-commissioned officers detailed from the Marine Corps, with the exception of a few officers of experience and knowledge of Spanish who have come from civil life. In every case the last named have previously been in either the Army, the Marine Corps, or the constabulary of some of the dependencies. At the end of the quarter, the strength of the Guardia has reached twenty-one American and seventeen Dominican officers, and 691 enlisted men. The necessities of the case have continued to demand that detachments of the Guardia be sent out into the country to preserve order before they have had the thorough training that would have been desirable, but they will be drawn in from time to time for further training and replaced by trained men. In the larger places considerable bodies of the Guardia are kept assembled, and are not only being trained under military discipline but are being instructed in the necessary laws and other matters which will enable them to carry on in a proper manner their general police duties.

By Executive Order No. 66, steps were put in motion to establish a civil service for government departments. It was considered wise in the beginning to leave the initiative very largely in the hands of the officers administering the different departments rather than to attempt the formulation of a series of rules that would apply to the whole number of government employees, in the belief that after some experience a body of civil service rules applicable to the whole scheme of government could be evolved that would require less readjustment than would have been the case by starting out with a theoretical organization. The first body of government employees to come under civil service rules will be those of the postal administration. A date for examination has been set, and a commission is being provided for to conduct the examination. The head of the commission will be Mr. Terry, Chairman of the Porto Rican Civil Service Commission, whose services have been kindly lent by the administration of that Island. The services of one of the United States Postal Inspectors of Porto Rico have also been secured while this report has been in course of preparation. The third member of the commission will be a Dominican. By the first of the year practically every postal employee in the country will be holding his position under civil service rules. The service will be extended to other departments as rapidly as the officers administering them can make the proper arrangements. It is contemplated at a later time to appoint a civil service commission which shall have cognizance of all civil service employees of the country.

There are two other matters of interest that may be briefly mentioned: The original proclamation of Military Government did not reserve the power to remove unworthy judges. This power has recently been given to the Military Governor in cases where constitutional methods cannot be followed, and in which the unworthiness of the judge is proven beyond a doubt. In the earlier days of the war I represented the dependence of Santo Domingo upon the United States for certain foodstuffs, and the Export Board has adopted the very liberal policy of giving a blanket license for both Santo Domingo and Haiti, provided that measures were taken in both countries to prevent the reexport of the foodstuffs to the enemies of the United States. These steps have been taken, and there has been no shortage of any necessary foodstuffs to my knowledge.

H. S. KNAPP

THE DOMINICAN CLAIMS COMMISSION OF 1917

File No. 439.00/5

Chargé Gould to the Secretary of State

No. 224

AMERICAN LEGATION,
Santo Domingo, July 21, 1917.

SIR: I have the honor to enclose you herewith duplicate copies of the Dominican *Official Gazette* No. 2816, of June 30, 1917, containing copy and translation of Executive Order No. 60 issued by the Military Government on June 26, 1917, creating the special tribunal to be

known as "The Dominican Claims Commission of 1917". The purpose of this commission is to investigate all outstanding claims against the Dominican Republic having origin subsequent to the adjustment made to conform with the terms of the American-Dominican Convention of February 8, 1907, and prior to the Proclamation of November 29, 1916, establishing American Military Government in the Dominican Republic, and to make an award of the amount due each claimant; and to recommend ways and means for the settlement of such awards.

I also herewith enclose copy, in duplicate, of *Official Gazette* No. 2819, of July 11, 1917, containing copy and translation of Executive Order No. 65 issued by the Military Government on July 9, 1917, setting forth the powers vested in the Claims Commission, and the rules by which it will be governed in the performance of its duties.

It is expected that the Claims Commission will convene within the next week.

Mr. John Brewer, clerk of this Legation, has been appointed, with the consent of the Department, Secretary of the Claims Commission, the duties of which office he will perform in addition to those in this Legation.

I have [etc.]

HERBERT S. GOOLD

[Inclosure 1]

MILITARY GOVERNMENT OF SANTO DOMINGO

Executive Order No. 60

A special tribunal to be known as "The Dominican Claims Commission of 1917" is hereby created for the purpose of investigating all outstanding claims against the Dominican Republic which had their origin after the adjustment made to conform with the terms of the American-Dominican Convention of February 8, 1907, and before the establishment of Military Government by the United States under the proclamation of November 29, 1916, and of making an award of the amount due each claimant; and for the further purpose of recommending ways and means for the settlement of such awards.

The Commission will be composed of Mr. J. H. Edwards, in charge of the Contaduría General de Hacienda, ex officio, President of the Commission, and of the following additional members: Lieutenant Colonel J. T. Bootes, U. S. Marine Corps, Mr. M. de J. Troncoso de la Concha, Mr. Emilio Joubert and Mr. Martin Travieso, Jr.

The Commission will be called to meet at Santo Domingo City by the President at as early a date as practicable after July 15, 1917.

The sum of \$50,000 or so much thereof as may be necessary, is hereby made available for the expenses of the Commission from funds not otherwise appropriated.

H. S. KNAPP

SANTO DOMINGO, June 26, 1917

[Inclosure 2]

Executive Order No. 65

The Dominican Claims Commission of 1917, organized as announced in Executive Order No. 60, will have vested in it the powers, and will be governed in the performance of its duties, as hereinbelow prescribed.

Upon being convened, and prior to entering upon its duties, the Commission and each member thereof individually shall take oath before the Supreme Court of Santo Domingo to the faithful and proper performance of duty. The Secretary

and the clerical staff shall take oath of similar effect administered by the President of Commission before the entire Commission. The oaths of the Commission shall be registered in the archives of the Supreme Court, and all oaths herein prescribed shall be recorded in the record of the Commission.

The Commission shall have its seat at Santo Domingo City, Dominican Republic, but may in its discretion and as may be necessary hold special sessions at other points in the Republic.

The President of the Commission shall be the presiding officer and shall have a vote in all proceedings. The Secretary of the Commission shall maintain complete records of all the proceedings and awards of the Commission; he shall not have a vote. All resolutions, acts and business transacted by the Commission shall be by a majority vote of the members of the Commission present, but no award shall be valid unless subscribed to by at least three members of the Commission.

In case any member of the Commission is interested directly or indirectly, or related in any degree to any person who is interested directly or indirectly, in any claim brought before the Commission, he shall bring the fact to the notice of the Commission, which will, as a whole, determine his eligibility to sit in the case.

The first duty of the Commission shall be to prepare and submit to the Head of the Military Government a plan to provide for the necessary means of liquidating the awards upon claims approved by the Commission.

The Commission shall have complete and final jurisdiction as a Dominican Government agency in the matter of adjudicating claims against the Dominican Government coming before it. The decisions rendered and awards made by the Commission shall not be subject to review or appeal before any Dominican court or other Dominican authority.

Any claimants who do not submit their claims to this Commission for adjudication on or before December 31, 1917, shall be deemed to have forfeited and relinquished all rights to such claims. Claims shall be submitted to the Commission in the form and manner prescribed by the Commission.

For the prosecution of its business the Commission is vested with the powers of Dominican courts to subpoena and compel the attendance of witnesses; to administer oaths and examine witnesses under oath; to punish contempt and perjury; to call for the presentation of documentary evidence, public or private; and to these ends its orders shall be binding on all Dominican authorities. Such assistance as may be necessary to attain any of its objects will be rendered to the Commission by the police agencies of the Dominican Government and if required, by the forces of the Military Government.

Any person who refuses or neglects to appear before the Commission when subpoenaed, or who refuses to produce any documentary evidence in his possession when such evidence is called for by the Commission, or who attempts improperly to influence the Commission or to obstruct its proceedings in any way, shall be guilty of contempt. Any person who gives false testimony before the Commission, under oath, shall be guilty of perjury. Any person who signs a name other than his own on any document submitted to the Commission shall be guilty of forgery. Any person who signs any voucher, receipt, certificate or other document representing a claim against the Dominican Republic, in which any false statement is made to the prejudice of the Dominican Republic, shall be guilty of falsification with intent to defraud. The Commission shall try and pass judgment upon all such cases; and the offenders, upon conviction of any such offenses, shall be punishable by a fine not less than fifty dollars (\$50) nor more than five thousand dollars (\$5,000) or by imprisonment for not less than one (1) month nor more than five (5) years, or by both such fine and imprisonment in the discretion of the Commission.

The Commission shall consider as a notification only any claim heretofore submitted to or filed with any Commission or official appointed for the purpose of receiving and recording such claims, or which may have been presented to any other office of the Dominican Government; provided, however, that any claimant or interested party who may so desire shall be permitted, upon making written application and renunciation to the Commission, to withdraw in whole or part any claim or document supporting such claims filed by him prior to the creation of this Commission; provided further that the Commission shall, prior to the return of any such claim or document, cancel same by appropriate notation thereon in such manner as to render it of no further value as a claim.

The Commission shall not consider nor approve for payment, in whole or in part, any expenditures made for the purpose of or in connection with a revolutionary movement against a legally constituted government of the Dominican Republic.

lic, or any claim representing money, materials or supplies furnished in support of such revolution, unless so furnished in submission to force majeure, of which the Commission shall be the final judge.

Such travel as may be required in the performance of the duties of the Commission is hereby authorized. Any member of the Commission appointed from abroad shall be entitled to salary from the date of leaving his home for Santo Domingo and up to the date upon which he could arrive at his home after dissolution of the Commission, using the first available transportation in either case. Members of the Commission appointed from abroad shall also be reimbursed for their actual and necessary travel expenses in coming to and returning from Santo Domingo, provided that such expenses shall represent only the travel from their homes and return thereto by the most direct route.

During its life the offices of the Commission shall be open for the transaction of business during the regular office hours observed in the Dominican Government offices on all days excepting Sundays and legal holidays.

The Commission shall cease to exist when the object for which it is created shall have been attained.

H. S. KNAPP

SANTO DOMINGO, July 9, 1917.

File No. 439.00/11

The Dominican Claims Commission to Admiral Knapp

SANTO DOMINGO, August 11, 1917.

In compliance with paragraph 6 of Executive Order No. 65 of the Military Government of Santo Domingo, dated July 9, 1917, the Dominican Claims Commission of 1917 respectfully submits the following memoranda and recommendation regarding the means of liquidating the awards upon claims approved by the Commission.

In its study of this subject the Commission has given due consideration to the three essential points:

First: The amount of the floating indebtedness;

Second: The resources of the Government; and

Third: The requirements of the Government for ordinary annual expenditures.

The total amount of the floating indebtedness cannot be ascertained with any degree of certainty at present, and the total amount of awards to be made by the Commission will remain an unknown factor until all of the claims have been presented and adjudicated. The reports of previous commissions, and the records of claims filed subsequently with other offices of the Government, indicate that the total of such claims is approximately \$12,000,000. Without in any sense presuming to prejudge any of such claims, the Commission is inclined to accept the opinion of others who have made a study of the matter and whose conclusions are that, in all probability, all of the claims against the Dominican Government can be equitably liquidated within a total of not to exceed \$5,000,000.

The resources of the Government consist of customs and internal revenues; other sources of revenue may be developed but the levying of new taxes should, and doubtless will, permit modification and reduction of existing customs and internal revenue tariffs. The average amounts per month received by the Government from its customs revenue since 1910, in round figures show as follows: 1911, \$160,000; 1912, \$169,000; 1913, \$139,000; 1914, \$97,000; 1915, \$137,000; 1916, \$139,000; and during the six months, January to June, 1917, \$194,000. Since 1912, \$30,000 per month has been required from customs revenues for the payment of interest and amortization

of the loan of \$1,500,000 of that year. That loan will be canceled within a few months, and the \$30,000 per month heretofore applied to it will again revert to the Government. The internal revenues prior to July 1916 averaged about \$50,000 per month; from July to December 1916 they averaged \$63,000 per month; and from January to June 1917 the average was \$96,000 per month. A very conservative estimate for the future is that the customs revenue (accruing to the Government) will not average less than \$160,000 per month, and the internal revenues not less than \$90,000 per month, a total of \$250,000 per month or \$3,000,000 per year.

The present budget, exclusive of the items which have been eliminated and inclusive of those which have been specially appropriated by the Military Government, provides for an annual expenditure of approximately \$2,120,000. The Commission assumes that a new budget will be prepared in the near future and that provision will be made for certain necessary purposes not heretofore covered by appropriation, so that the budgetary requirement should be estimated at not less than \$2,500,000 per year. Our conclusions are therefore based upon an estimated income of not less than \$3,000,000 per year, a probable budget of \$2,500,000, thus leaving \$500,000 or more per year available for the service of a loan or bond issue.

Apparently the only means of liquidating the awards on claims to be made by the Commission will be the issuance of bonds, as it is obvious that such liquidation could not be made from current surplus revenues without discrimination and preferential treatment. In the opinion of the Commission, the adjudication of claims and the awards made thereon will constitute incurring new indebtedness within the meaning of the provisions of the American Dominican Convention of 1907 and the issuance of bonds for the liquidation of awards will therefore require the consent and approval of the United States Government. In order to make such bonds acceptable and attractive to investors, the payment of interest and amount required for amortization would have to be provided for from the revenues of the Dominican Government, preferably the customs revenue. The Dominican Government would have to authorize, and the United States Government instruct, the General Receiver of Dominican Customs to segregate and pay the required amounts each month to such agency as may be decided upon as the custodian of the sinking fund for amortization and the medium through which interest payment would be made.

The Commission recommends that the Government arrange for the issuance of bonds in the principal amount of not to exceed \$5,000,000, such part thereof as may be necessary to be applied to the liquidation of awards upon claims to be approved by the Commission. Such bonds to be in coupon form, not registered, to bear interest at the rate of 5% per annum, interest payable semiannually on January 1, and July 1, the bonds to be dated and draw interest from January 1, 1918, and to mature on January 1, 1938, but to be redeemable at par on any first day of January beginning January 1, 1919, in such amounts as the funds available in the sinking fund provided for the purpose will permit, the bonds to be redeemed to be drawn by lot and when so redeemed to be permanently retired and canceled; the payments into the sinking fund for the purpose of

amortization to be not less than five per cent of the principal amount each year.

Two methods of issuing such bonds are suggested: first, by advertising and inviting bids, and second, by issuing the bonds direct to creditors in settlement of the awards.

The first method would mean, in effect, selling the bonds to bankers and others at the prices offered by them; the Government would then be in position to pay the amounts of the awards to the creditors in cash, and this method would doubtless prove more satisfactory to the greatest number of creditors. It is considered advisable to call attention to the fact, however, that the specific amount which will be required cannot now be determined and that feature may offer some difficulty in placing the bonds; also that, in view of the large bond issues now being made by various countries and the condition of the financial markets of the world it is possible the bonds offered by the Dominican Government may not attract advantageous offers; and also that, if the ordinary procedure is followed, the negotiation of the sale through any one bank or firm of bankers would involve considerable expense. It is deemed proper, in this connection, to suggest that if this plan is adopted it might be possible to obtain the assistance of the Bureau of Insular Affairs of the War Department, Washington; it is understood that the Bureau has sold most of the bonds issued by the Government of Porto Rico in a very satisfactory manner and with a considerable saving in expense.

The second method would enable the Government to issue only the amount of bonds actually required for this specific purpose, and would avoid much of the expense incidental to selling the bonds as suggested in the first method; it would also have the effect of placing the bonds in the hands of Dominican citizens thus giving them a greater direct interest in the affairs of their Government. The objections to this method are: first, the possibility that some of the creditors might object or decline to accept the bonds; and second, the probability that the small holders of such bonds would find themselves at the mercy of local speculators unless the Government took some precautionary measures to protect them. It is believed that the great majority of creditors would accept the bonds, and that it would be practicable for the Government to protect the small holders against speculators by providing for the investment of surplus treasury funds in the purchase of such bonds in such amounts as might be possible and necessary. Provided the Government can afford this protection, the Commission recommends the second method in preference to the first.

The attached memorandum shows the amounts which would be required annually for the payment of interest and amortization of a bond issue such as suggested; the expenses incidental to the operation and the interest which would accrue on the sinking fund are not shown as they would more or less offset each other

Respectfully submitted.

J. H. EDWARDS
J. T. BOOTES
MARTIN TRAVIESO, JR.
M. DE J. TRONCOSO DE LA CONCHA
EMILIO C. JOUBERT

File No. 439.00/8

*The Secretary of the Navy to the Secretary of State*NAVY DEPARTMENT,
Washington, August 15, 1917.

The Secretary of the Navy presents his compliments to the Honorable the Secretary of State, and desires that I forward herewith for the information of the Department of State certain correspondence from the Military Governor of Santo Domingo and the Military Representative of the United States in Haiti, under date of July 30, 1917, relative to the inauguration of the Dominican Claims Commission of 1917, and desires that the enclosed correspondence be returned to this Department when it has served its purpose in the Department of State.

Very respectfully,

C. BELKNAP
Lieutenant Commander, U. S. N.

[Inclosure]*Admiral Knapp to the Secretary of the Navy*

SANTO DOMINGO, July 30, 1917.

With the arrival from Puerto Rico on Saturday of Mr. Martin Travieso, Jr., the only member of the Dominican Claims Commission of 1917 who up to that time was not present in Santo Domingo, the entire personnel was assembled in this city and ready to begin work. It was accordingly arranged to have the Commission sworn in by the Supreme Court of Santo Domingo this morning, and later to have the Secretary and clerical force sworn in by the President of the Commission.

It was my desire to make the occasion as impressive as circumstances permitted, and I therefore invited the Governor of the Province of Santo Domingo, the Archbishop, the American Chargé and several Dominican gentlemen having important administrative posts, to be present. I was myself present with all the members of my staff, and the commander of the Second Provisional Brigade with members of his staff, was also present. The officers of the Navy and Marine Corps present included among their number all who are now administering Dominican Government Departments. I would gladly have included many more people, and especially all of the diplomatic corps, but the very small capacity of the room in which the Supreme Court holds its sessions prevented a larger attendance than was present. The proceedings were very simple, but dignified and impressive. When the oaths had been taken and subscribed to by the members of the Commission, the presiding Justice made a few remarks in excellent taste in which he assured the Military Government that the Supreme Court stood solidly behind it in its efforts for the betterment of conditions in Santo Domingo. This was a most gratifying public announcement. After a short reply by myself, the assembly adjourned to the room where the Commission is to sit and witnessed the administration of the oath to the Secretary of the Commission and the clerical force. Upon the conclusion of this part of the proceedings, Mr. J. R. Edwards, President of the Commission, made a short address to which I replied, which ended the ceremonies.

I am very glad to announce the beginning of the labors of the Commission which are of the greatest importance for the welfare of the country. I had hoped that the Commission might have started its work sooner, but circumstances beyond my control have prevented its inauguration before this time.

H. S. KNAPP

File No. 439.00/5

The Secretary of State to Chargé Goold

No. 158

DEPARTMENT OF STATE,
Washington, August 16, 1917.

SIR: The Department has received your No. 224 of the 21st ultimo enclosing copies of the Dominican *Official Gazettes* No. 2816 of June 30, 1917, and No. 2819 of July 11, 1917, containing copies and translations of Executive Orders Nos. 60 and 65 issued by the Military Government in the Dominican Republic relating to a special tribunal to be known as "The Dominican Claims Commission of 1917."

The Department desires to be kept fully informed regarding the proceedings of the Dominican Claims Commission of 1917, and of the progress made towards the accomplishment of the purpose for which it was established and to be advised of the form and manner in which claims are required to be submitted to the Commission.

I am [etc.]

ROBERT LANSING

File No. 439.00/19

Chargé Goold to the Secretary of State

No. 258

AMERICAN LEGATION,
Santo Domingo, October 10, 1917.

SIR: I have the honor to enclose herewith (3) copies of *Official Gazette* No. 2843 of October 3, 1917, containing Executive Order No. 83 of the Military Government of Santo Domingo in which is fixed the specific date of the plan of adjustment referred to in Executive Order No. 60 of June 26, 1917 in regard to claims to be considered by the Dominican Claims Commission of 1917.

I have [etc.]

HERBERT S. GOOLD

[Inclosure]

MILITARY GOVERNMENT OF SANTO DOMINGO

Executive Order No. 83

Whereas, in Executive Order No. 60, dated June 26, 1917, "The Dominican Claims Commission of 1917" was created for the purpose of investigating and adjusting "all outstanding claims which had their origin after the adjustment made to conform with the terms of the American-Dominican Convention of February 8, 1907"; and

Whereas, it is essential for the guidance of the Dominican Claims Commission and for the information of the public in general to fix the specific date of the plan of adjustment above referred to; and

Whereas, under the law of Congress promulgated May 28, 1909, and published in *Official Gazette* No. 1997, it was provided that all claims against the Dominican Republic which had their origin prior to July 1, 1904, should be submitted for examination and settlement in accordance with the plan of adjustment before January 1, 1910, and if not so submitted should be considered as non-existent;

Therefore, by virtue of the powers vested in the Military Government of Santo Domingo, and to insure the consideration and complete adjustment of all outstanding claims against the Dominican Republic, the Dominican Claims Commission of 1917, created by Executive Order No. 60, dated June 26, 1917, is hereby authorized and empowered to receive, investigate and adjust all outstanding

claims against the Dominican Republic which had their origin after July 1, 1904 and prior to November 29, 1916, provided, however, that no claim shall be considered by the Dominican Claims Commission of 1917 if such claim in whole or in part was included in, or adjusted, or rejected, under the plan of adjustment made to conform with the terms of the American-Dominican Convention of February 8, 1907.

H. S. KNAPP

SANTO DOMINGO, September 21, 1917.

File No. 439.00/22

Minister Russell to the Secretary of State

No. 275

AMERICAN LEGATION,
Santo Domingo, December 15, 1917.

SIR: I have the honor to report that the Dominican Claims Commission of 1917 has registered, up to and including November 30, 4256 claims with a nominal value of \$5,854,662. There are in addition about 700 claims presented that have not been registered. It is thought that the total number of claims will be greatly increased by December 31, the last date upon which claims may be presented.

The Commission has made every effort, through a daily notice in the local press and direct correspondence with all claimants listed with previous Commissions, to bring to the attention of everyone having accounts against the Government the fact of the existence of the Commission and the nature of the claims it is empowered to consider and adjudicate. The following American claimants listed in the report of the Johnston Commission (refer to Legation's No. 71 of March 2, 1916),² have not as yet been heard from by the present Commission:

Edwards, J. H.	\$7, 353. 21
Johnson y Johnson	362. 57
Parke Davis & Co	701. 84
Dominican Trading Co.....	4, 934. 34
Moore and Company	8, 265. 80

The following claims, brought to the attention of the Commission under instructions from the Department, and through the medium of the Foreign Office, will be duly presented by me on December 31 for the purpose of reserving the right of the claimants to properly present their claims at a later date and in the manner and form prescribed by the Commission:

American Trading Company
Dominican Trading Company
J. L. Mann
A. G. MacDonald

In this connection I call to your attention General Rule No. 1 adopted by the Commission in regard to the presentation by foreign representatives of the claims of their nationals, copy and translation of which is herewith enclosed. I respectfully suggest that the Department notify the parties above-named of my intended action and advise them to immediately supplant this action in the proper way.

The Claims Commission has not actually arrived at a definite adjudication of any of the claims submitted to it, and it is thought that the nominal value of the claims now registered will be easily reduced

²Not printed.

to \$2,000,000 in the final settlement. The work of the Commission is very exhaustive, and involves the examination of nearly all of the Government records. There is every evidence of fraud in the preparation of many accounts. This is especially true of salary claims for military service and supply claims during the term of office of ex-President Bordas, the evidence acquired pointing to collusion and culpability on the part of high Government officials.

The Claims Commission has already sentenced one witness for a jail term of two years for perjury, and a claimant has been found guilty of contempt and sentenced to a fine of \$1000 and a jail term of one year. Both of these sentences have had an exceedingly good moral effect on the public, and in general the serious character of the personnel and work of the Commission, together with the rigid rules established for the substantiation of claims presented for its consideration have served in a large measure to deter the presentation of many fictitious accounts, but which would undoubtedly have been settled under the old régime in this Republic.

I have [etc.]

WILLIAM H. RUSSELL

[Inclosure]

General Rule No. 1

The representatives of foreign countries accredited before the Government of the Dominican Republic may appear before the Commission for the purpose of negotiating any matter, without the necessity of any power and by reason of their office:

(a) When they appear for the purpose of carrying on any matter in which their Government may be interested.

(b) When they negotiate any matter that interests particularly a subject of their nation, but in the latter instance the foreign representative shall appear in representation of said subject and demonstrate that on account of special circumstances, in respect to the sufficiency of which the Commission shall appreciate, it is not possible for him to present the power from his principal.

File No. 439.00/22

The Secretary of State to Minister Russell

[Telegram]

DEPARTMENT OF STATE,
Washington, December 29, 1917.

Your dispatch No. 275, December 15, 1917. In accordance with General Rule No. 1, Dominican Claims Commission of 1917, enter appearance for American claimants listed with Johnston Commission who have not filed claims with present Commission as you purpose doing for other American claimants who have not appeared.

LANSING .

ECUADOR

CLAIMS OF THE GUAYAQUIL AND QUITO RAILWAY COMPANY AGAINST ECUADOR.¹ REITERATION OF DENIAL BY ECUADOR OF PROPRIETY OF DIPLOMATIC ACTION BY THE UNITED STATES. RESOLUTION TO REINSTITUTE SUIT AGAINST THE COMPANY BY ECUADOR. PROTEST OF THE UNITED STATES

File No. 422.11G93/895

Minister Hartman to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Quito, January 3, 1917, 1 p. m.

• Department's December 31, 7 p. m.² Immediately after receiving Department's December 14, 4 p. m.,² I presented matter to the Minister for Foreign Affairs personally and by memorandum dated December 18, the Minister for Foreign Affairs said that he would be compelled to delay answer until the Minister of Hacienda returned to the city. That Minister returned Saturday December 30. On yesterday I called the matter to the attention of the Minister for Foreign Affairs who promised to answer in two days. If answer unfavorable I will immediately file note with Foreign Office based upon Department's December 31, 7 p. m.

I am investigating report to council of foreign bondholders as to attitude of President and Minister of Hacienda regarding proposed reports on contract of September 30, 1908 and all indebtedness due on railway bonds.

I will report fully by cable and mail as soon as answer is received.

HARTMAN

File No. 422.11G93/896

AMERICAN LEGATION,
Quito, January 4, 1917, 5 p. m.

My telegram of January 3, 1 p. m. The Minister for Foreign Affairs this afternoon requested extension of time till next Tuesday to answer my inquiry as to when Ecuador will resume deposits. I granted extension but informed him that owing to the great interest of my Government in the subject I would immediately telegraph the Department of the extension.

HARTMAN

¹ Continued from For. Rel. 1916, p. 260.

² For. Rel. 1916, p. 268.

File No. 422.11G93/896

The Secretary of State to Minister Hartman

[Telegram]

DEPARTMENT OF STATE,
Washington, January 11, 1917, 5 p. m.

Your January 4, 5 p. m. Telegraph immediately concerning railroad situation and whether Government of Ecuador will pay interest on prior lien bonds and will resume daily deposits.

LANSING

File No. 422.11G93/898

Minister Hartman to the Secretary of State.

[Telegrams]

AMERICAN LEGATION,
Quito, January 12, 1917, 11 a. m.

My telegram of January 4, 5 p. m. No answer having been received to my inquiry I called upon the Minister for Foreign Affairs this morning who said that delay was due to investigation of Minister of Hacienda and that answer would be delivered this afternoon. When received I will report at once.

HARTMAN

File No. 422.11G93/899

AMERICAN LEGATION,
Quito, January 13, 1917, 10 a. m.

My telegram of January 12, 11 a. m. Answer received last night is not satisfactory. The Minister for Foreign Affairs again denies right of Government of the United States to interfere and repeats in general terms purpose of Ecuadorean Government to meet all its obligations but evades saying when if at all interest on bonds will be paid or contains no promise to pay interest or resume deposits, but suggests in an evasive and general way that no assurance can be given that Ecuador will have money to pay any debts within ten weeks. I will immediately restate the case in a note to Foreign Office based upon Department's December 31, 7 p. m. and endeavor to obtain a more satisfactory answer.

HARTMAN

File No. 422.11G93/901

AMERICAN LEGATION,
Quito, January 18, 1917, 11 a. m.

My telegram of January 13, 10 a. m. In answer to my note of January 15 the Minister for Foreign Affairs again challenges right of Government of the United States to interfere in this case and therefore declines to fix a time or times when interest will be paid or deposits resumed, but he reiterates the purpose of his Government to meet its recognized obligations as soon as possible. My note of January 15 was supplementary to my memorandum of December 18 and presented clearly the views of the Department as stated in its telegram of December 31, 7 p. m. A few hours after receiving said note of

the Minister for Foreign Affairs, I received an unofficial *note verbale* from him informing me that the Government of Ecuador had made an offer to the railway company to contribute one thousand tons of coal at 57 sucres per ton in partial payment of interest due, the railway company to pay balance.

The making of this offer is authorized by the controller of railway company who informs me that he has cabled the offer to New York.

The railway officials have willingly cooperated with me in these matters and have been very helpful.

HARTMAN

File No. 422.11G93/916

Minister Hartman to the Secretary of State

No. 205

AMERICAN LEGATION,
Quito, February 6, 1917.

SIR: Referring to the several telegrams which have passed between the Department and this Legation on the subject of interest due on prior lien bonds of the Guayaquil & Quito Railway Co., since, and including Department's telegram of December 14, 1916, 5 p. m.,² I have the honor to report as follows:

As stated in my telegram of January 3, 1917, 1 p. m., I brought the subject to the attention of the Minister for Foreign Affairs by memorandum dated December 18, which I presented in person, and of which I enclose herewith duplicate copies.

On that occasion the Minister for Foreign Affairs informed me that, by reason of the absence from Quito of the Minister of Hacienda, it would be necessary to delay answering until his return. He returned on Saturday evening December 30, and on January 2, I again brought the matter to the attention of the Minister for Foreign Affairs, who agreed to answer within two days. This time was extended, at his request, until Tuesday, January 9, to enable the Minister of Hacienda to study the subject. On January 12, I again called upon the Minister to urge an answer, and was promised that the answer would be delivered in the afternoon of that day. It was so delivered, and duplicate copies of it together with translation are herewith enclosed.

On January 13, 10 a. m., I telegraphed the Department the substance of its contents, wherein I said that owing to the unsatisfactory answer of Ecuador, I would immediately prepare and file a note with the Foreign Office, restating the case, and basing the note upon the telegram of the Department dated December 31, 7 p. m.² Accordingly, on January 15, I prepared and presented my note No. 219 to Foreign Office, of which duplicate copies are herewith enclosed. To that note, the Minister for Foreign Affairs replied in his note No. 10, of January 16, 1917, and I am enclosing herewith duplicate copies of same, together with translation.

The offer by Ecuador to contribute 1,000 tons of coal at 57 sucres per ton towards the payment of said interest, provided the railway company would pay the balance, was telegraphed by the local office to the New York office of the railway about January 18, but no

²For. Rel. 1916, p. 268.

reply had been received up to yesterday afternoon. In the absence of Mr. Norton, the controller of the railway, Mr. Dobbie, and Dr. Leroux, its general counsel, have been in frequent consultation with me on this subject and have been of much assistance.

I regret very much that the results of our efforts in the matter, have, thus far, been so disappointing; but in reviewing the several steps taken in the case, I am unable to discover where I could have taken a different course to advantage.

I therefore submit the foregoing report and respectfully await the further instructions of the Department.

I have [etc.]

CHARLES S. HARTMAN

[Inclosure 1—Memorandum]

Minister Hartman to the Minister of Foreign Relations

AMERICAN LEGATION,
Quito, December 18, 1916.

The American Minister respectfully salutes his excellency the Minister for Foreign Affairs and has the honor to submit for the information and consideration of his excellency the following data:

Upon receipt of his excellency's note No. 48, of November 4, 1916, the American Minister transmitted to his Government, by mail, copies of that note and of the Legation's note No. 210 to his excellency, of date October 3, 1916.

On December 16, 1916, the Legation received a cable from the Department of State at Washington in relation to the subject of said notes.

My Government is particularly gratified at that portion of your excellency's said note which follows:

"After the Government was changed, as your excellency is well aware, the Esmeraldas revolution having been in fact ended, a new, reasonable and economic budget having been issued, which will be in force after January 1, 1917, it is very probable that the economic situation will be adjusted without having to appeal for a loan, and when this occurs, Ecuador will be able, and that is what my Government desires, to meet its obligations fully and completely. The President and his Cabinet have the firm disposition to do this, and I hope that this attention will be accomplished to the satisfaction of all those who have interest in the national revenues."

Though not so definitely stated, the views expressed in the foregoing quotation appear to be in harmony with those orally expressed by his excellency to the American Minister in the interview at the Foreign Office a few days before said note of November 4 was written, in which interview his excellency expressed the hope and belief that in January the Government of Ecuador would resume deposits. This fair and just attitude of the Government of Ecuador in the premises is especially gratifying to the Government of the United States, because a duly certified statement has been presented to the Department of State by the President of the Guayaquil and Quito Railway Company, stating that, owing to unfavorable exchange and the great cost of coal, the railway company will not be able to pay interest on the prior lien bonds in January as it did last year. Entertaining, as it does, a most friendly feeling for the Government and people of Ecuador, and earnestly desiring that nothing may occur to injure or impair the credit of Ecuador, the Government of the United States sincerely hopes that the Government of Ecuador will be able to make payment of the interest on said bonds in January, in accordance with the above-expressed desires of his excellency the Minister for Foreign Affairs.

The American Minister believes that the Government of Ecuador will concur with the Government of the United States in considering that it would be most regrettable if payment of the interest on prior lien bonds should go by default.

In view of the deep interest felt by the Government of the United States in the welfare of Ecuador, and of the common desire of both Governments to maintain and strengthen the credit of Ecuador, the American Minister will take pleasure in transmitting to his Government, by cable at the earliest possible moment after notification thereof by his excellency, the news of the prompt payment of the interest on said bonds by the Government of Ecuador.

Fully appreciating the honorable intentions and desires of the Government of Ecuador, so well expressed by his excellency the Minister for Foreign Affairs, the American Minister indulges the hope that those desires may soon be realized.

Charles S. Hartman avails [etc.]

[Inclosure 2—Memorandum—Translation]

The Minister of Foreign Relations to Minister Hartman

MINISTRY OF FOREIGN RELATIONS,
Quito, January 12, 1917.

In reply to the memorandum of his excellency, the Minister of the United States in Quito, the Minister of Foreign Relations, after duly greeting him, has the honor to repeat what has been stated in several previous communications to that Legation, namely; that it is the intention of the Government, which coincides with the national will and with the international juridical rules and customs, not to discuss through diplomatic channels anything relating to the private contracts it may have entered into with private parties or persons. This general doctrine is the same it has observed in the particular case of the Guayaquil and Quito Railway, and which has been followed invariably, with unusual uniformity, by the Ecuadorean Governments and by the different Ministers who have held the portfolio of Foreign Relations.

The Government of the United States which, on many occasions, has made statements that honor it, with respect to the rights of the weaker nations, statements which the Secretary of State has recently repeated, in so clear and commendable a manner, in the name of the President, can not ignore the right Ecuador has in its desire to deal, on the only grounds possible—those of simple justice—with the different discussions that have arisen between it and the railway company or its legal representatives.

Since, neither in the original contract, nor in the successive reformatory contracts with the Guayaquil and Quito Railway Company, no foreign government took part; since it is an invariable rule in this country not to admit of diplomatic intervention in agreements of that kind; since there was explicitly rejected a certain proposed protocol, in which the American Secretary of State was made to figure, even though only in a passive character and extra-officially, in connection with these affairs of the Southern Railway; since, only the other day, the Minister of Foreign Relations stated to his excellency, the Minister of the United States, that the attitude of the Ecuadorean Government had not changed with respect thereto, because it could not change; his excellency, the Minister of the United States can not wonder at the surprise the Ecuadorean Government has felt at the renewed attempt to employ a method of procedure it does not consider the most adequate for many reasons of justice and convenience.

If this Ministry answers the memorandum of the 18th of December last in the form in which it does, this reply can have no other character than that of an unofficial communication, since it is given, very largely, on account of the courtesy due to the very worthy Mr. Charles S. Hartman.

The Government's purpose, set forth in an official communication from this Ministry, No. 48 of November 4, 1916,³ has not changed; its firm and resolute intention, its irrevocable will is to comply with its obligations, with all its obligations, however burdensome they may have been in their constitution, and of complying therewith in the shortest possible time, according to the measure of its ability.

It has been stated to his excellency, Mr. Hartman, and to-day it is regarded as a great honor to repeat to him, that the present Ecuadorean Government entertains hopes that the financial situation of the country will improve, from the first day of the present month of January; that is to say: from the date on which the new budget became effective; and it is a pleasure to inform the Minister that those hopes, up to date, can not be held to have been frustrated, since, as the month of January has just begun, it is not yet possible to talk of immediate payments, since it will first be necessary to collect the money before disbursing it. Will three, four, six, ten weeks be necessary to meet such and such a payment? Probably; we can not give assurance thereof.

³ For. Rel. 1916, p. 287.

With respect to the particular case of the deposit for the prior lien bonds, it is to be observed that the president of the railway company has requested of the Government its mere assistance as such for the January payment; it is not therefore comprehensible how, at the same time, the company should have addressed the American State Department explaining something only pertaining to the Ecuadorean Government, namely, that, on account of the present unfavorable rate of exchange and the high price of coal, the said company is not in a position to pay the interest on the prior lien bonds as it did last year.

No one is more interested than the Ecuadorean Government in maintaining and strengthening its credit; and for that very reason it will spare no effort to assure it permanently and definitely.

C. M. Tobar y Borgoño avails [etc.]

[Inclosure 3]

Minister Hartman to the Minister of Foreign Relations

No. 219

AMERICAN LEGATION,
Quito, January 15, 1917.

MR. MINISTER: I have the honor to acknowledge the receipt of your excellency's memorandum dated January 12, 1917, relating to the inquiry submitted by me to your excellency in my memorandum dated December 18, 1916, as to the approximate date when the Government of Ecuador would be in position to pay interest due January 1, 1917, on the Guayaquil and Quito prior lien railway bonds, and resume daily deposits pursuant to contract, and in accordance with its laudable purposes, so clearly announced to me by your excellency in the interview with your excellency referred to in my said memorandum of December 18, 1916.

I was greatly gratified, but not surprised, to read again the clearly expressed unalterable purpose of your excellency's Government to meet all Ecuador's obligations as soon as possible, but I note, with considerable disappointment, that your excellency has overlooked stating in said memorandum any date, either definite or approximate, when the interest due January 1, 1917, on the prior lien railway bonds will be paid, or daily deposits resumed.

I have of course assumed that the failure to furnish this information was not intentional on the part of your excellency, but was inadvertent, and I am therefore respectfully calling your excellency's attention to the apparent oversight, and, at the same time, I have the honor to present for the consideration of your excellency's Government, some additional views of my Government on this important subject, which were received January 1, 1917, by cable from the Department of State. I therefore, by way of supplement to my said memorandum of December 18, have the further honor respectfully to impress upon your excellency's Government the necessity of the payment of the interest on the prior lien bonds, due on January 1, 1917, as soon as possible after said date, and to suggest to your excellency that definite assurances that said interest would be paid at a fixed date ought properly to be cabled to the council of foreign bondholders by your excellency's Government.

In addition to the great desire which the Government of the United States has in seeing that these American interests are given that adequate and proper protection, to which they are entitled, by the Ecuadorean Government, its feeling of sincere friendship for Ecuador compels it to point out the very unfortunate position in which she would place herself if she made default in this payment—a position which might indeed lead to many complications and especially to the impairment of her credit.

In bringing this note to a close, it gives me great pleasure to express my sincere appreciation of the sentiments of personal friendship for me, so generously stated by your excellency, and to assure your excellency that those sentiments of personal esteem are fully reciprocated by me towards your excellency, and that I personally and officially deeply desire the welfare and prosperity of your excellency, and the Government and people of Ecuador.

I avail myself [etc.]

CHAS. S. HARTMAN

[Inclosure 4—Translation]

The Minister of Foreign Relations to Minister Hartman

No. 10

MINISTRY OF FOREIGN RELATIONS,
Quito, January 16, 1917.

MR. MINISTER: I have the honor to make an answer to the note No. 219, dated yesterday, in which your excellency insists regarding the approximate indication, by my Government, of the date on which it will be able to carry out the payment of interest on the prior lien bonds of the Guayaquil and Quito Railway Company, due January 1, 1917, and also asks assurances that the daily deposits will be hereafter effected in accordance with the contracts.

Your excellency adds that since the memorandum of December 18, already answered in similar form by me, your excellency has received instructions from the Government of the United States to point out to my Government the necessity that the payment of the interest on the bonds, due January 1, 1917, be made as soon as possible, and that the dates on which payments are to be made, be fixed, the Ecuadoran Government having to cable its decision to the council of foreign bondholders.

I have expressed to your excellency in my previous communications, in accordance with the doctrine very justly observed by my predecessors in the portfolio of Foreign Relations, the surprise with which my Government sees the intervention of the American Legation in a matter which exclusively relates to fulfilment and interpretation of a contract.

I might, within the strict right which Ecuador enjoys, excuse myself from making an answer to the concrete points contained in the communication of your excellency; this case not being one of denial of justice, it cannot be explained, in the light of international law and of usage justly and reasonably adopted by civilized countries, that a foreign Legation may officially subject a Government to interrogations of the kind contained in the note to which I answer.

This attitude is all the more surprising, since it is adopted just now, when the Ecuadoran Government has just reestablished peace, and has adopted as its rule the fulfilment of its obligations—all the obligations which belong to it—and when, in order to achieve that end, it has adopted for itself a system of economies, which may enable it to do that promptly.

In previous years no deposits were made nor coupons paid, and nevertheless, the intervention of the American Legation was never so pressing as now; indeed, Mr. Minister, I am unable to understand what is the reason for the proceeding now taken, of asking immediate answers and demanding the fixing of terms incapable of extension.

As to the balance, I repeat what has been said every time that I have discussed this point with your excellency: the Government is disposed to comply with all its proper obligations; but not to fix dates nor give other explanations than those already stated.

I avail myself [etc.]

TOBAR Y BORGONO

File No. 422.11G93/901

The Secretary of State to Minister Hartman

[Telegram]

DEPARTMENT OF STATE,
Washington, February 13, 1917, 5 p. m.

Your January 13, 10 a. m. and January 18, 11 a. m. For your information. Ecuadoran Chargé d'Affaires called at Department January 18 and challenged statement of railroad company that it could not pay interest on prior lien bonds at this time on account of company's present financial position. He stated that in report of Price, Waterhouse and Company, of January 1916, [sic] it was made clear that management of railroad was not on economical basis and that for that reason company was not in position to pay interest

as it did last year. He further desired that a commission composed of one engineer, one financial expert and one legal expert be sent to investigate all controversies between Government and railroad. The Secretary of State informed Mr. Carbo that payment by Ecuadorean Government of interest on prior lien bonds and commencement of daily deposits was of first importance and that after this was done it would then be time enough to have investigation of outstanding controversies and as to whether management of railroad company was not economical and that if proven that railroad company owed money to Government matter could then be adjusted. The Secretary of State impressed upon Mr. Carbo the importance of payment by Ecuadorean Government of interest and commencement of daily deposits at this time and stated that he insisted on this being done before any question of investigation was taken up.

Mr. Carbo may have misinterpreted this interview to his Government or have misconstrued statement by Secretary of State to mean that this Government would forego diplomatic action and not insist on Government meeting these obligations. You should take steps to correct any erroneous idea upon this point apparently entertained by authorities.

Advise Foreign Office that its reply to your note of January 15 is wholly unsatisfactory to Government of United States which finds ample warrant for its diplomatic intervention in the needed protection for large American interests threatened with destruction through failure of Government of Ecuador to respect its contractual obligations, and in the whole record of the dealings by that Government with these American interests. You will say that the railroad company finds itself unable to accept the offer of coal in part payment interest, and you will add that the Government of the United States in your note of January 15 attempted to point out to the Government of Ecuador in a most friendly manner the desirability of the early payment of the interest on the prior lien bonds of the Guayaquil and Quito Railroad Company and the wisdom of immediately cabling to the bondholders that the payments would be made promptly.

In giving this friendly advice to the Government of Ecuador, the Government of the United States did not consider it necessary to recall the arbitration proceeding of 1908⁴ to which the Government of the United States was a party, nor the contract of that year in which the Government of Ecuador bound itself in any event to make daily deposits for the payment of the interest on all railway bonds as these facts were too well understood to necessitate further mention, but it was clearly set forth that in the event of failure on the part of the Government of Ecuador, many complications might arise, notably the impairment of the Government's credit.

Besides sending this advice through the Legation at Quito, the Government of the United States took pains to impress upon the Chargé d'Affaires of Ecuador in Washington the necessity for the payment of the interest and commencement of daily deposits, on account of the American interests involved.

⁴ For. Rel. 1908, p. 273.

Four weeks have elapsed since this friendly advice was sent to the Government of Ecuador in the two ways outlined above and it is understood that neither has the interest on the prior lien bonds been paid nor the daily deposits been resumed in spite of the assurance given October 30, 1916.

In the absence of any definite assurances as to the time the interest will be paid or the daily deposits resumed, and in view of the statement of the Minister for Foreign Affairs to the American Minister to the effect that the economic conditions of the Republic had greatly improved only one conclusion may be reached and that is that the Government of Ecuador is not willing to live up to her contractual obligations toward the Guayaquil and Quito Railroad Company, an American corporation, in which large American interests are involved, and is willing to permit through her default great losses to be occasioned to these American citizens.

Therefore the Government of the United States, unless a definite statement is received in the very near future as to the date when the interest will be paid and the deposits resumed, will be forced to give consideration to the question of taking such action as may be necessary properly to protect these American interests.

You may intimate orally to the Minister for Foreign Affairs that in no case will the Department give its approval to any loan by American bankers to Ecuador until interest is paid and daily deposits resumed.

LANSING

File No. 422.11G93/913

Minister Hartman to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Quito, February 17, 1917, 5 p. m.

Department's February 13, 5 p. m. I presented note in person to the Minister for Foreign Affairs this afternoon and fully complied with instructions.

HARTMAN

File No. 422.11G93/921

Minister Hartman to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Quito, March 4, 1917, 1 p. m.

My February 17, 5 p. m. I now have reply to my note last Friday. The Minister for Foreign Affairs again denies right of diplomatic intervention, but reaffirms the unalterable purpose of Government of Ecuador to pay all its obligations as soon as possible. Referring to the demand that a definite time be fixed for payment of interest and resumption of deposits, he says that my note was transcribed to the Minister of Interior, who will very soon answer regarding that subject.

I have some hope that the Minister of the Interior will make satisfactory answer as to time of payment of interest and resumption of deposits, but realize the embarrassments under which Government of Ecuador labors not only in its shortage of money but in the

attitude of the people toward the subject and their disposition to start a revolution on the slightest provocation.

In consultation with British Chargé d'Affaires, he informed me that he has [apparent omission] the advisability of Mr. Cooper, of the council of foreign bondholders, and some representative of Bankers Trust Company, coming to Quito to deal directly with the Ecuadorean Government on the subject of existing indebtedness and proposed loan. He says that he has been reliably informed that the Ecuadorean Government would agree to such a proposition. He also suggested to his Government that if this arrangement be agreed to, further diplomatic pressure by the United States might be held in abeyance pending negotiations.

HARTMAN

File No. 422.11G93/921

The Secretary of State to Minister Hartman

[Telegram--Extract]

DEPARTMENT OF STATE,
Washington, March 13, 1917, 6 p. m.

Is Government of Ecuador embarrassed by shortage of money? If so is she continuing construction of the two new railways?

Department will discuss with railroad officials in New York statements made to you by British Chargé d'Affaires. How reliable do you consider his information, and what is its source?

LANSING

File No. 422.11G93/923

Minister Hartman to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Quito, March 16, 1917, 11 a. m.

Department's March 13, 6 p. m. Limited construction work continuing on new railways. Information of British Chargé d'Affaires was received from the Minister for Foreign Affairs in two interviews. In second interview the Minister is reported by British Chargé d'Affaires as stating that the President of Ecuador, the Minister of Hacienda, and the Minister of the Interior fully concurred with him. I regard the statements of the Minister for Foreign Affairs, and the British Chargé d'Affaires as entirely reliable and trustworthy.

HARTMAN

File No. 422.11G93/929

Minister Hartman to the Secretary of State

No. 213

AMERICAN LEGATION,
Quito, March 27, 1917.

SIR: Referring to my telegram of March 4, 1917, 1 p. m., and to other correspondence relating to the subject thereof, I have the honor to enclose herewith, duplicate copies of my note No. 227, dated February 16, 1917, and duplicate copies, together with translation,

of note No. 37, dated February 28, 1917, from the Minister of Foreign Affairs, in reply thereto. I especially desire to direct the attention of the Department to that portion of the note of the Minister of Foreign Affairs wherein he suggests or raises the question that Ecuador is not responsible for the failure of the arbitration of 1908, and leaves the implied impression that such a charge was made by me in my note. The Department will observe that instead of indicating a failure of the arbitration of 1908, I impliedly recognized its consummation in the following language, which is substantially the language used by the Department in its telegram of February 14, 1917, 5 p. m., to wit:

In giving this friendly advice to the Government of Ecuador, the Government of the United States did not consider it necessary to recall the arbitration proceeding of 1908, to which the Government of the United States was a party, etc.

Up to this date I have not received the report of the Minister of Public Works indicated in the note of the Minister of Foreign Affairs of February 28, 1917, and bearing the No. 37. As soon as it is received, I will forward it to the Department, and in the meantime will defer answering the note No. 37, of February 28, 1917, until further instructed by the Department.

I have [etc.]

CHAS. S. HARTMAN

[Inclosure 1]

Minister Hartman to the Minister of Foreign Relations

No. 227

AMERICAN LEGATION,
Quito, February 16, 1917.

MR. MINISTER: Referring again to my note No. 219, of January 15, 1917, and to your excellency's esteemed note No. 10, of January 16, 1917, in reply thereto, I have the honor respectfully to inform your excellency that the contents of both of said notes were promptly transmitted by me to my Government, and that I am now in receipt of telegraphic instructions from the Secretary of State relating to the subjects treated of in said notes, with which instructions I now have the honor to comply and submit their contents to your excellency:

The Government of the United States regards the reply of your excellency to my note of January 15, 1917, as wholly unsatisfactory to it, and it finds ample warrant for diplomatic intervention in the needed protection for large American interests, threatened with destruction through failure of the Government of Ecuador to respect its contractual obligations, and in the whole record of the dealings by that Government with the Guayaquil and Quito Railway Co.

The railway company finds itself unable to appreciate the offer of coal in part payment of interest due.

In my note of January 15, 1917, the Government of the United States attempted to point out to your excellency's Government, in a most friendly manner, the desirability of the early payment of the interest on the prior lien bonds of the Guayaquil and Quito Railway Co., and the wisdom of immediately cabling to the bondholders that the payments would be made promptly. In giving this friendly advice to the Government of Ecuador, the Government of the United States did not consider it necessary to recall the arbitration proceeding of 1908, to which the Government of the United States was a party, nor the contract of that year, in which the Government of Ecuador bound itself in any event to make daily deposits for the payment of the interest on all railway bonds, as these facts were too well understood to necessitate further mention; but it was clearly set forth that, in the event of failure on the part of the Government of Ecuador, many complications might arise, notably the impairment of the Government's credit.

Besides sending this friendly advice through this Legation, the Government of the United States took pains to impress upon the Chargé d'Affaires of Ecuador in Washington the necessity for the payment of the interest, and commencement

of daily deposits on account of the American interests involved. More than four weeks have elapsed since this friendly advice was given by my Government to the Government of Ecuador in the two ways outlined above, and it is understood by my Government that, neither has the interest on prior lien bonds been paid, nor the daily deposits been resumed, in spite of the assurances given October 30, 1916.

The Government of the United States feels that, in the absence of any definite assurances as to the time the interest will be paid, or the daily deposits resumed, and in view of the statement of your excellency to me to the effect that the economic conditions of the Republic had greatly improved, it can only reach one conclusion, and that is that the Government of Ecuador is not willing to live up to her contractual obligations toward the Guayaquil and Quito Railway Co., an American corporation in which large American interests are involved, and is willing to permit, through her default, great losses to be occasioned to these American citizens.

Therefore, the Government of the United States, unless a definite statement is received in the very near future as to the date when the interest will be paid and the deposits resumed, will be forced to give consideration to the question of taking such action as may be necessary properly to protect these American interests.

I therefore entertain the sincere hope that your excellency's Government will, under all the circumstances, find it quite convenient to arrange for the prompt payment of said interest, and the resumption of daily deposits, and that I may receive early notice thereof, for transmission to my Government.

I avail myself [etc.]

CHAS. S. HARTMAN

[Inclosure 2—Translation]

The Minister of Foreign Relations to Minister Hartman

No. 37

MINISTRY OF FOREIGN RELATIONS,
Quito, February 28, 1917.

MOST EXCELLENT SIR: The note number 219, [227] of February 16, addressed to this office by your excellency, has been received. In that note, after informing me that your excellency has transmitted by cable to the Government of Washington a résumé of the note of that Legation, No. 219, and of mine, No. 10, your excellency advises me that, therefore, your excellency's Government has informed you that it regards my note as wholly unsatisfactory, and that it finds itself amply warranted diplomatically to intervene in order to protect large American interests, which are threatened through failure of the Government of Ecuador to comply with its obligations toward the Guayaquil & Quito Railway Co. Your excellency adds that the railway company finds itself unable to appreciate the offer of coal which was made to it, in part payment of interest due it. Your excellency tells me that more than four weeks have elapsed since a friendly suggestion was made to Ecuador by the American Government to the effect that the Government of Ecuador should resume daily deposits and payment of interest, and that in spite of the assurances given, your excellency's Government knows that none of them has taken place.

Your excellency closes notifying that unless a definite date for the payment of interest or resumption of daily deposits is fixed, the Government of the United States, in view of the statement which I made to your excellency as to the hope entertained by my Government relating to the improvement of the economic conditions of the Republic, will reach the conclusion that the Ecuadorean Government does not wish to live up to its promises regarding its obligations toward the railway company, an American corporation in which large American interests are involved. Therefore, the Government of the United States, unless a definite statement is received as soon as possible as to the date when the interest will be paid and the deposits resumed, will be forced to take such action as may be necessary to protect the American interests.

Your excellency's note, therefore, contains two parts: One devoted to asserting that the Government of Washington regards that it has the right diplomatically to intervene in Ecuador on account of the contract entered into by an American company with the Government of this country for the construction and operation of a railroad; and the other confines itself peremptorily to demand the payment of the debts which, it is said, Ecuador owes the company, having to state the date in which said payment will be made, because if that is not done your excellency's Government will take certain action.

The position taken by your excellency in the name of the American Government surprises me, inasmuch as it relates to the legality of diplomatic intervention in this matter. In reply I have to express, with deepest repugnance, of course—that the opinion of my Government is entirely opposed to that one. This Ministry in fact, feels the necessity of rejecting the legality of said diplomatic intervention, and with much more reason that of the later position announced by your excellency, and it (the Ministry) rejects them because it regards that to accept them, even tacitly, would be contrary not only to the national dignity and its sovereignty, but also to the rules of law and justice which govern those matters in international life.

It is the matter of a contract of private law and of mutual obligations derived therefrom, and the fact that one of the contracting parties is a person of public law can not give the contract the character of a contract of public law. The doors of the courts of justice are open for the railway company or any other third person to demand access to the Ecuadorean Treasury, if it believes that the latter does not comply with its obligations; but it (the company) has no reason to appeal, on account of a controversy or even in the event of an evident failure, unless denial of justice might have taken place, to the American Government in order that that Government intervene in favor of the company's interests.

Diplomatic intervention in a case like this would not be justified in any way, and much less the action of the American Government in favor of the Guayaquil and Quito Railway Co., in an action which your excellency announces as a possible one. Among the fundamental principles of international law, one of the most excellent is that which establishes equality of nations, excluding power, prestige and influence available; any action on the part of a powerful country that would pretend, in a given moment, to demand in a coercive and peremptory manner, the payment of a debt which is not even between nations, but the results from a contract signed by the nation and a private party, would be contrary to that principle. If it should be otherwise, if perhaps, I desire to believe it improbable, it would be a matter of making use of national aid to help the private contracting party on his just or unjust pretensions against a nation also contracting, then that would mean to establish by that fact as principle and rule the ruin of weak countries and their absorption by the powerful ones, and if this should occur it would be better to forget that the law and only the law should govern the relations of countries.

I do not think that President Wilson's Government which in a very important document of recent date just declared, in a noble manner, that

"the interest of the Government and people of the United States, in the means which might be adopted to relieve the damages caused to small and weak peoples is as deep and sincere as that of another people and Government could be,"

I do not believe, I say, that that Government intends to ignore, because we of Ecuador are concerned, that rule of the illustrious Hamilton, which Drago reproduced, according to which "the contracts entered into between a nation and private parties, can not be the subject of a compulsory force."⁵

Mr. Root, the eminent American Secretary of State, stated in a notable speech that

"to try to obtain by means of force the payment of debts resulting from contracts, is equivalent to justifying abuses, the unavoidable result of which is far worse and more lamentable to humanity than if the payment of the debts of one nation were delayed. We regard, he added, that the use of the army or navy of a great power to cause pressure upon a weak nation, on account of contracts entered into with a private party, tends to encourage the exploitation of the urgent necessities of a country and to attack its sovereignty."

The form of intervention,—I imagine of course that your excellency could not refer to coercive and forcible measures,—does not change the essential character of the impairment of the sovereignty of the country bound with the contract. If the United States have courageously and energetically supported the principle of non-official intervention for the payment of contract debts of States, when the big countries of Europe have tried to demand by force from weak countries of America, payments of that nature, I suppose that they (the United States) will not desire to be inconsistent by using means of pressure to enforce themselves in this country the same thing which they condemned in the other ones.

⁵For. Rel. 1903, p. 2.

I have understood the value of the citation appearing in the note to which I refer, relating to the arbitration of 1908; but whatever may be the effect to be obtained from the lack of success of that arbitration, I beg leave to record that the failure should not be attributed in any way to Ecuador: this country could not abdicate its dignity and its sovereignty, by waiving a form prescribed by its institutions, a form which, in other respects, neither concerned the essence of the question submitted to judgement nor the main part of the arbitration.

I do not find the present attitude of the American Government in harmony with the policy observed by the Government of your excellency, a policy which was set forth by the Secretary of State Fish in 1871:

"Our policy followed long time since and permanently observed, has been that of avoiding the formal intervention of the Government, in matters relating to claims based upon contracts, except in cases of injuries and damages which common law calls injustice and regards as inflicted by force and not as the result of voluntary obligations or contracts. In contract cases, the practice of the American Government has been limited to permitting its Minister to exercise friendly good offices, recommending the claim to an equitable examination by the debtor, without compromising the Government with any future action."

In 1881, Secretary Blaine established as a universally accepted and practiced rule that

"a person who voluntarily compromises himself in a contract with the Government of a foreign country, is submitted, in order to secure compensation of all complaints he might allege or losses he might sustain resulting from the contract, to the laws of the country of the Government or the citizens with whom he contracted."

The representatives of the United States to the Third Pan American Conference at Rio Janeiro in 1906, had, among their instructions, the following ones, which give honor to the American Government:

"It has been for a long time the permanent policy of the United States not to use force to obtain the payment of ordinary contract debts of other Governments to citizens. We have felt that to use force with such a view was incompatible with the respect to the independent sovereignty of the other members of the family of nations, a most important principle of international law, and which is a guaranty of weak peoples against oppression of strong ones."⁶

After having set forth the general doctrine on the matter, a doctrine which has been especially observed by your excellency's Government, I do not believe that those general and noble principles of justice and law may or should be broken in the present case; Ecuador does not wish nor ever intended to cause the least damage to the legitimate interests of the railway company; it is her intention scrupulously to comply with the obligations imposed upon her by the respective contracts, as far as she can; the diplomatic intervention in matters relating to the railway, I repeat, is not legal because no denial of justice exists. The failure of the arbitration of 1908 is not due to it (Ecuador). It is necessary also that the company comply with its obligations; it has not up to date complied with its obligations in a satisfactory manner. Until the mutual claims between the Government and the company are determined it is not possible to talk of failure on the part only of the Government of Ecuador, nor of damages sustained only by the company, because it, being the manager and operator, is more properly bound to carry out the payment of debts and coupons, and not to take for itself alone the profits leaving only the responsibilities to Ecuador. If the American Government would perhaps intervene in these matters, that should be perhaps with a view that the American citizens, of the railway company, fulfill their obligations toward the bondholders and the Ecuadorean Government in a proper and full way.

As to the essence of the note to which I refer, notwithstanding the statement made in my previous note, as to the effect that no dates or terms could be fixed for the payments and deposits, I have the honor to inform your excellency that your note has been transcribed to the Minister of Public Works, who announces a reply, which will be received by your excellency as soon as possible.

The hopes which my Government entertains, regarding the improvement of the economic conditions of the Republic, can not serve as a pretext to allege that the Ecuadorean Government does not wish to live up to her contract obligations toward the railway company, and much less to serve as a basis to imagine that

⁶ See For. Rel. 1906, p. 1589.

a big or small failure in this regard can be intentional; from the fact that those hopes were stated, no assurance of immediate and necessary nature may be inferred, respecting their realization and much less under the present conditions of ineffectiveness of the commerce and the consequent and unavoidable lessening of every custom income.

In other respects, the responsibility on account of losses and damages, never can, in accordance with the doctrine of the Institute of International Law, which is the reasonable and universally accepted one, be considered established by the sole claims of the one party to that contract who declares himself as the victim, as it occurs in the present case of the railway company; the Government of Ecuador has examined the accounts of the company and has objected to the debts and their amount; it has believed and so has stated on repeated occasions, that the company has not complied with its obligations, neither as the constructor of the railroad, nor as the partner of the State in its operation; hence it is necessary that the mutual claims be previously ascertained in order to be able to talk of damages caused to only one of the parties by the other one and to allege denial of justice.

For the responsibilities which may result to my Government, on account of the announcement contained in the note which I answer, I have the honor to inform your excellency that I am of the opinion that the communications exchanged between that Legation and this Ministry, regarding the railway from Guayaquil to Quito, be given the publicity which the matter requires and that, in consequence, this Ministry reserves to itself the authority of publishing them whenever it regards it proper.

On this opportunity I extend to your excellency the assurances of my most distinguished consideration.

TOBAR Y BORGONO

File No. 422.11G93/935

Minister Hartman to the Secretary of State

No. 236

AMERICAN LEGATION,
Quito, September 3, 1917.

SIR: I have the honor respectfully to invite the Department's attention to its telegram of February 13, 1917, 5 p. m., and to my telegram of February 17, 1917, 5 p. m., and other correspondence relating to the failure of the Ecuadorean Government to pay overdue interest on Guayaquil and Quito Railway bonds and to resume daily deposits.

I respectfully point out to the Department that in spite of repeated assurances from the Foreign Office that a definite statement from the Minister of Hacienda as to when deposits could and would be resumed, would soon be forthcoming, no such statement has been made.

Since receiving and examining the President's message to Congress, and the recent reports of the Ministers of the Interior and of Hacienda, I think the reason for the failure of the Minister of Hacienda to furnish the reply requested by me is apparent.

Those documents show that from July 1916 to June 30, 1917, there was expended for public works the sum of 2,054,101.69 sucres. Of this amount the sum of 727,817.31 sucres was devoted to the sanitation of Guayaquil and 1,127,552.75 sucres to new railway construction. And the report of the Minister of Hacienda for the fiscal year 1916 shows a net cash balance of 863,692.96 sucres after the payment of all expenses. This being the case it is apparent that, when I presented my memorandum of December 18, 1916, and my note No. 219, of January 15, 1917 (enclosures in my despatch No. 205, February 6, 1917),⁷ the Government of Ecuador had on hand much more than

⁷ Printed ante, p. 732.

sufficient money in the Treasury to pay the January 1917 interest on the prior lien bonds, and therefore, it would be very embarrassing for the Government to disclose that condition of affairs, unless it intended in good faith to carry out its purpose, as declared by the Minister for Foreign Affairs in his note No. 48 of November 4, 1916, and reiterated in his memorandum of January 12, 1917, from which I quote:

The Government's purpose set forth in an official communication from this Ministry, No. 48, of November 4, 1916, has not changed; its firm and resolute intention, its irrevocable will is to comply with its obligations, with all its obligations, however burdensome they may have been in their constitution, and of complying therewith in the shortest possible time, according to the measure of its ability.

I have recently called twice on the Minister for Foreign Affairs to ascertain when I could expect to receive the reply to my inquiries, but he has each time said that the Minister of Hacienda had not yet responded, but that he would again bring the matter to his attention and urge an early reply.

The whole record indicates that the President does not intend to pay, but is endeavoring to shift the burden to the railway company.

Mr. Norton informs me that the railway company is unable to pay, and in support of that statement he has submitted to me the following in writing:

It is not very difficult to understand the railway company's inability to make any payments on account of the bond service when the following conditions are taken into consideration:—

(a) The railway company's entire working capital has been absorbed by the unpaid Government account, and it has no reserve funds.

(b) For the first six months of the present year, the actual loss in operation amounted to S/.52,898.95, excluding depreciation, which was met by a loan of S/.50,000 from the Pichincha Bank, which loan is still unpaid.

(c) The fuel expense for 1916 was S/.356,705.46 in excess of the previous year, an increase of 80%, while at the rate coal is now costing us, our annual fuel expense based on an average consumption of 2,000 tons per month, would be S/.1,355,000 as against a normal cost of S/.397,000, an increase of almost a million sucres. Also all other materials and supplies have greatly increased in price.

(d) The increase in the rate of exchange results, in effect, in a decrease in our tariff of 25%.

In this connection I wish to say that the railway company has furnished me an official statement of its receipts and disbursements for the period beginning January 1, 1917, and ending June 30, 1917, which completely verifies the foregoing statement of Mr. Norton. I am thoroughly convinced that the company is confronted with serious difficulties in obtaining sufficient money to defray its current expenses, notwithstanding the fact that a number of substantial economies have been effected. Mr. Norton and I have had frequent consultations on these matters, and, in one of them, he informed that, in a conversation between the President and himself, he expressed the hope that the President could assure him that, in view of Ecuador's improved financial condition, the Government would resume deposits on the railway bond service. The President treated the matter as a joke, and replied, "Oh, the country is very poor."

I have [etc.]

CHAS. S. HARTMAN

File No. 422.11G93/936

Minister Hartman to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Quito, October 4, 1917.

Last Friday Congress passed a resolution repealing the resolution of October last which authorized a commission to adjust differences between Ecuador and Guayaquil and Quito Railway Company. The resolution also declared in full force the resolution of October 1915, which instructed fiscal attorney to bring suit against railway company. Full report by mail.

HARTMAN

File No. 422.11G93/937

The Secretary of State to Minister Hartman

[Telegram]

DEPARTMENT OF STATE,
Washington, November 10, 1917, 6 p. m.

Department has received reports that Ecuadorean Government has instructed defensor begin proceedings at once against Guayaquil and Quito Railway Company in courts of Ecuador. If this report correct you are instructed to lodge a protest with the Ecuadorean Government against taking such action against this American corporation, as it would be regarded by Government of United States as a violation of the rights of American interests. You will state to Government Ecuador that it will receive through you in near future complete statement of this Government's attitude in this matter.

LANSING

File No. 422.11G93/927

The Secretary of State to Minister Hartman

[Telegram]

DEPARTMENT OF STATE,
Washington, November 26, 1917, 5 p. m.

Your despatch No. 213, March 27, 1917, enclosing note of February 28 from the Ecuadorean Minister of Foreign Affairs, contending that the case of the Guayaquil and Quito Railway Company is not a proper one for diplomatic intervention. In view of the fact that the original contract of 1897 between the railway and Ecuador contemplates that such differences as might arise between the parties would be matters of diplomatic concern of sufficient importance to be settled by arbitrators to be appointed by the President of the United States and the President of Ecuador; that by the arbitration agreement of 1908 the contract was given the value and status of an arbitral award, which has been repeatedly violated by Ecuador and which it is now apparently the desire and intention of the Ecuadorean Government to violate again; that the daily allotment of customs receipts to be set aside according to the arbitral agreement of 1908 from the customs

revenues, and to be placed "to the credit of the Council as representing the holders of the bonds," places the Ecuadorean Government in the position of a trustee, as it were, of such funds for the bondholders, which trusteeship the Ecuadorean Government now wholly disregards and violates; and that finally the failure of the two attempts at arbitration in 1913 and 1914—the method of procedure specifically provided in the contract for the settlement of disputes thereunder—constitutes a denial of justice, the Government of the United States perceives nothing in the Ecuadorean note of February 28, 1917, to occasion any change in the attitude of this Government, which has for years been repeatedly made known to the Government of Ecuador, namely that it has and intends to exercise its undoubted right to interpose diplomatically to protect American interests involved in the Guayaquil and Quito Railway controversy.

This Government is constrained, therefore, to notify the Government of Ecuador that the resumption of deposits which it is in duty bound to make under the arbitration contract in the service of the railway bonds, or otherwise, should be immediately resumed, and to invite the Government of Ecuador to fix a date in the near future when such payments will be resumed.

As to other matters of differences between the railway and Ecuador the Government of the United States withholds comment, pending the outcome of the negotiations between the Ecuadorean Government commission and the railway.

You will bring the foregoing textually to the notice of the Ecuadorean Government in a formal communication, and emphasize orally the gravity with which the Government of the United States views the situation into which Ecuador has allowed the disregard of its solemn obligations to bring the relations of the two Governments. You may add that this Government cannot permit the destruction and annihilation of this important and legitimate American enterprise.

LANSING

GERMANY

SEVERANCE OF DIPLOMATIC RELATIONS BETWEEN THE UNITED STATES AND GERMANY BY THE UNITED STATES FEBRUARY 3, 1917, AND DECLARATION OF WAR AGAINST GERMANY BY THE UNITED STATES APRIL 6, 1917

(See supplementary volumes of "Foreign Relations of the United States.")

GREECE

ABDICATION OF KING CONSTANTIN AND ACCESSION OF KING ALEXANDER TO THE THRONE

File No. 868.001C76/10

The Chargé d'Affaires of Greece to the Secretary of State

No. 1033

ROYAL LEGATION OF GREECE,
Washington, June 1/14, 1917.

MR. SECRETARY OF STATE: Deeply moved, I have the honor to inform your excellency that His Majesty King Constantin, my august sovereign, yielding to insuperable political necessity upon steps taken by three of the great Powers, is leaving Greece accompanied by Her Majesty Queen Sophie and His Royal Highness Crown Prince George.

He leaves on the throne His Royal Highness Prince Alexander.

His Majesty the new King took yesterday the oath provided by the Constitution.

The grief of the Greek people at their separation from a King to whom they were devoted is unspeakable.

Be pleased to accept [etc.]

A. VOUROIS

The Minister of Greece to the Secretary of State

[Translation]

No. 1358

ROYAL LEGATION OF GREECE,
Washington, September 8, 1917.

MR. SECRETARY OF STATE: I have the honor to forward herewith to your excellency a letter with its office copy sent by His Majesty, Alexander, King of the Hellenes, to the President of the United States announcing his accession to the throne.

Begging your excellency kindly to forward this letter to its high destination and thanking you in advance, I beg you, Mr. Secretary of State, to accept [etc.]

G. ROUSSOS

[Inclosure—Translation]

King Alexander to President Wilson

VERY DEAR AND GREAT FRIEND: Called through the abdication of my highly venerated, well-beloved father and that of my well-beloved elder brother to the throne of Greece, I fulfill the duty of announcing my accession to you. I feel assured that my reign will ever find a support in your sentiments and I beg you kindly to be convinced that for my part I shall exert my every effort toward drawing closer and closer the bonds so happily established between our friendly and allied countries. I indulge the hope that under those auspices, my wishes for the welfare of my subjects and my wish to fulfill as far as it lies in my power the great but difficult duty which I have just assumed will achieve beneficial results and exert efficacious influence on the sources of prosperity and the social

happiness of the Hellenic nation. I gladly avail myself of this opportunity to address to you, Very Dear and Great Friend, the expression of the wishes I make for the prosperity of the United States of America and the assurances of my high esteem and constant friendship.

Written at Our Royal Palace in Athens on July 6, of the year one thousand nine hundred and seventeen.

Your sincere Friend,

(Signed)
(Countersigned)

ALEXANDER R.
N. POLITIS

File No. 868.001A12/18

The Secretary of State to the Minister of Greece

No. 12

DEPARTMENT OF STATE,
Washington, October 6, 1917.

SIR: I have the honor to acknowledge the receipt of your Legation's note of the 8th ultimo, with which there is enclosed, with office copy, a letter addressed to the President by His Majesty the King of the Hellenes, announcing his accession to the throne of Greece.

I have the honor to say in reply that His Majesty's letter has been delivered to the President, whose response will at an early date be transmitted to the American Minister at Athens for delivery to His Majesty.

Accept [etc.]

ROBERT LANSING

File No. 868.001A12/18

The Secretary of State to Minister Droppers

No. 155

DEPARTMENT OF STATE,
Washington, October 6, 1917.

SIR: I enclose herewith, with office copy, a letter addressed by the President to the new Greek King, acknowledging the receipt of his letter of July 6 last announcing his accession to the throne.

You will forward the copy to the Foreign Office and deliver the original in the manner most agreeable to His Majesty.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

[Inclosure]

President Wilson to King Alexander

GREAT AND GOOD FRIEND: I have received the letter of July 6 last in which Your Majesty informed me of your accession to the throne of Greece.

I offer to Your Majesty my felicitations on the occasion and assure you of the friendship of the Government and people of the United States and of their good wishes for the welfare of Your Majesty and the happiness of the people under Your Majesty's dominion.

I trust that your reign will redound to Your Majesty's glory and to the prosperity of your people, in whose affection may Your Majesty long live.

And I pray God to have Your Majesty in His safe and holy keeping.

Your Good Friend,

WOODROW WILSON

By the President:

ROBERT LANSING, *Secretary of State*

WASHINGTON, October 1, 1917

GUATEMALA

MESSAGE OF PRESIDENT MANUEL ESTRADA CABRERA TO THE CONGRESS

File No. 814.032/7

Minister Leavell to the Secretary of State

No. 364

AMERICAN LEGATION,
Guatemala, March 6, 1917.

SIR: I have the honor to enclose herewith two copies of the Annual Message presented by His Excellency President Manuel Estrada Cabrera to the Congress of Guatemala at its opening session on the first day of March. I also beg leave to transmit translations of such portions of the message as relate to the United States.

I have [etc.]

WM. HAYNE LEAVELL

[Inclosure—Translation—Extract]

Message of President Manuel Estrada Cabrera to the Congress

The Finance Commission which the Government of the United States appointed to return the visit which our Committee made to the above-named Republic to attend the Pan American Financial Conference which was held in Washington during the month of May 1915, was welcomed and entertained during the days the Commission remained in this country. Ideas were exchanged tending to make closer the commercial relations of both countries; and in the meeting of the International High Commission for uniform legislation celebrated from the 3d to the 12th of April, where we were represented by our delegates Doctor Juan J. Ortega and Mr. Francisco Sanchez Latour, matters of importance were discussed and resolutions were taken looking to the accomplishment of a closer commercial and financial understanding between the American nations by the use of uniform methods. The Guatemalan Financial Commission is at present studying the above-named resolutions and is already in touch, through the channel of the Central Executive Council at Washington, with the proper Committees operating in the other Republics of the Continent. * * *

I saw with deep concern the development of events which nearly caused a state of war between the United States and Mexico on account of the difficulties created by the occurrences which took place on the boundary line between the two countries, a concern which was turned into gratification on learning that the respective governments had arrived at an understanding which reconciled their mutual interests.

Guatemala continues to cultivate with the United States of North America the most frank and cordial relations on the traditional foundation of friendship and mutual respect. The Great American Nation reelected to the Presidency in November last, the Honorable Woodrow Wilson; and the Guatemalan Government, wishing to give a new proof of its sympathy with the Government and people of that Republic, resolved that an Extraordinary Mission should attend in the name of Guatemala the solemn inauguration ceremonies prefacing the Second Presidential Term of Mr. Wilson.

The personnel of the Commission provided for in the Treaty of Peace entered into with the United States on September 20, 1913, was completed by Guatemala. * * *

ARREST OF THE AMERICAN MINISTER, WILLIAM HAYNE LEAVELL,
BY A GUATEMALAN OFFICER. RELEASE AND APOLOGY BY THE
GUATEMALAN GOVERNMENT.

File No. 123L481/40

Minister Leavell to the Secretary of State

No. 398

AMERICAN LEGATION,
Guatemala, July 30, 1917.

SIR: I have the honor to inform the Department of an unpleasant incident that occurred on Friday morning, the 27th instant, and to forward copies of the communications relating to it which passed between this Legation and the Foreign Office of the Government of Guatemala. I am enclosing a copy of my note to the Foreign Minister, a copy, with translation, of his reply, and a copy of my acknowledgment of that reply.

While these several notes explain the occurrence and record the very full and complete apology given, I think it well to say this much further in reference thereto: Immediately upon receiving my note the Foreign Minister informed President Estrada Cabrera of the occurrence and he instructed the Minister to call personally on me at once and express to me the very profound regret of the President, the Government and the Minister, and to offer the most complete apology, and to say that orders were immediately issued to punish the officer responsible for the occurrence as soon as the identity of that officer shall be determined.

Later in the day the President himself sent his Chief of Staff, General Haeussler, and his Official Secretary, Mr. Saenz, to convey his own personal and official regret and to extend his personal apology. And very soon thereafter came the note of the Foreign Minister referred to above. As the foregoing seemed to me entirely adequate I declared myself perfectly satisfied.

Both the President and the Foreign Minister expressed their very profound thanks that I took the matter up with the Government directly and personally and afforded the immediate opportunity for the expression of suitable apologies.

I am informed the law requires that all exemption papers shall be officially examined at this time of the year whether carried by natives or foreigners, and unfortunately I did not have with me at the time the identification and immunity card furnished me by the Foreign Office when I came here as Minister.

It seems to me that the President, the Government, and the Foreign Minister have done all that could be expected of them, and I have expressed my entire satisfaction.

I have [etc.]

WM. HAYNE LEAVELL

[Inclosure 1]

Minister Leavell to the Minister for Foreign Affairs

No. 592

AMERICAN LEGATION,
Guatemala, July 27, 1917.

EXCELLENCY: It becomes my duty to report to your excellency that near the corner of 4th Avenue and 8th Street, about 9.15 o'clock this morning, while I was taking my usual morning walk, I was, very much to my surprise, stopped

by an officer and some half-dozen soldiers and required to go with them to the barracks near by. When first stopped I told the officer that I was the American Minister, but that seemed to make no difference to him. On arriving at the barracks I handed the officer my card and demanded to see the colonel in charge. He went to the rear and did not return for some little time; and so getting tired of waiting, I started to come away, whereupon a soldier raised the butt of his gun over me and other soldiers got in front of me and prevented my leaving.

After about fifteen minutes another officer came and allowed me to leave.

Will your excellency kindly investigate this.

I avail myself [etc.]

WILLIAM HAYNE LEAVELL

[Inclosure 2—Translation]

The Minister for Foreign Affairs to Minister Leavell

DEPARTMENT OF FOREIGN AFFAIRS,
Guatemala, July 28, 1917.

MR. MINISTER: I have had the honor to receive the esteemed note of your excellency, No. 592, dated yesterday, wherein you inform me that on that same day, at 9.15 o'clock in the morning and on the corner of 4th Avenue and 8th Street, when your excellency was taking your usual walk, you were stopped by an officer and several soldiers and taken to the barracks near by, where, notwithstanding the fact that you handed your card, you were detained some time without being allowed to leave, until another officer told you that you could depart.

In reply, I renew to your excellency what I had the honor to express personally to you regarding this lamentable incident, and in the name of my Government I present to you the fullest apology for the occurrence, assuring you at the same time, that from the findings of the investigation which is being actively conducted, the responsible persons shall be punished according to law; and that the necessary steps have already been taken to avoid in the future occurrences of this nature.

Promising to send to your excellency, at the earliest time possible, the report which I have requested from the proper authorities regarding this occurrence, it gives me pleasure to avail myself [etc.]

LUIS TOLEDO HERRARTE

[Inclosure 3]

Minister Leavell to the Minister for Foreign Affairs

No. 595

AMERICAN LEGATION,
Guatemala, July 28, 1917.

EXCELLENCY: I have the honor to reply to your excellency's courteous communication dated to-day and to state that the expressions contained therein as to the sentiments of your excellency's Government concerning the unfortunate occurrence of yesterday morning are gratifying and entirely satisfactory, and, further, that it will give me pleasure to represent the matter in this sense when I notify my Government of the incident.

I avail myself [etc.]

WILLIAM HAYNE LEAVELL

File No. 123L481/40

The Secretary of State to Minister Leavell

No. 165

DEPARTMENT OF STATE,
Washington, August 21, 1917.

SIR: The Department has received your No. 398, of July 30, in which you report that on July 27 you were taking a walk when you were stopped by an officer and several soldiers and were detained at

their barracks for some time. You enclose copies of your note to the Foreign Office, requesting an investigation, and the reply of the Minister for Foreign Affairs, promising one and apologizing for the occurrence.

The Department approves your action as stated above.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

EARTHQUAKE IN GUATEMALA

File No. 814.48/7

Chargé Thurston to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Guatemala, December 26, 1917, 6 a. m.

Guatemala City greatly damaged materially by severe earthquakes which began at 10.30 last night and have continued almost without cessation. National Palace, Post Office, Barracks and innumerable private dwellings partially destroyed. Legation damaged but inhabitable. Consulate partially demolished. British Legation greatly damaged. Diplomatic corps and all Americans believed by me to be safe. As yet no fatalities reported but believed there have been some. Request authorization draw on Department for funds for relief work should this become necessary. Will keep Department fully informed.

THURSTON

File No. 814.48/5

AMERICAN LEGATION,
Guatemala, December 26, 1917, 1 p. m.

My December 26, 6 a. m. Shocks continue without intermission. City rapidly being demolished. No definite reports, but death toll estimated between ten and forty, and no foreigners this number. Wireless, cable and telegraph have been interrupted. Expect resumption of service today. Railroad to Puerto Barrios cut by slide, Consulate damaged, Legation becoming badly damaged, martial law to be declared. Troops patrolling city and order prevails. President Cabrera received me this morning and I offered condolences for disaster and proffered services in organizing and maintaining relief work. City is terribly shattered and many hundreds homeless. Eye witnesses state this much worse than Salvador disaster.

THURSTON

File No. 814.48/7

The Secretary of State to Chargé Thurston

[Telegram]

DEPARTMENT OF STATE,
Washington, December 27, 1917, 6 p. m.

Your December 26, 6 a. m. and December 26, 1 p. m. Present condolences of the Government of the United States, informing

President Cabrera that this Government desires to be of any possible assistance to her sister Republic of Guatemala.

Report to Department what supplies are needed from American Red Cross.

LANSING

File No. 814.48/8

Chargé Thurston to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Guatemala, December 27, 1917, 6 p. m.

Shocks continue. Water situation becoming serious, sanitary conditions correspondingly affected. Mr. Clark, President local chapter American Red Cross offers funds collected to date for relief work. Amount five hundred dollars. Shall I accept and place disposition Government? Destruction continues and thousands now shelterless. Weather mild, foreign colonies safe. Request acknowledgment every message.

THURSTON

File No. 814.48/9

AMERICAN LEGATION,
Guatemala, December 28, 1917, 4 p. m.

Have filed four messages with cables, telegraph and wireless. This goes by wireless. Earthquakes began 10.38 December 25, continue to date. Eighty per cent city demolished, forty deaths reported officially. All foreign Legations safe and well. Thousands homeless, martial law established and order prevails, weather mild. All Red Cross assistance greatly acceptable to Government, see Clark's message to Wadsworth, Washington, have instituted banking facilities. Consulate destroyed, Legation damaged, request authorization officially assist relief work. Can I furnish transportation United States destitute Americans. Offered assistance first day to President Cabrera. Legation filled refugees. Have installed Consulate there also. Please communicate with immediately by wireless giving me full instructions as requested.

WALTER C. THURSTON

File No. 814.48/9b

The Secretary of State to Chargé Thurston

[Telegram]

DEPARTMENT OF STATE,
Washington, December 28, 1917, 6 p. m.

Your December 27, 6 p. m. Following from American Red Cross: American Red Cross desires render assistance at Guatemala. Requests by cable immediate detailed information extent and nature of need and of funds and personnel for administration of emergency relief now in progress. State fully what funds now available and prospective and from what sources. What supplies, food, clothing, medicines or building materials are required for emergency needs? What total amount required for relief of suffering for next two months? Red

Cross requests organization American committee not exceeding nine persons representing Guatemala, Red Cross Chapter and others in your judgment competent to advise and assist in control of Red Cross contribution and of its relief work. This committee to include yourself as chairman and as executive officer and American chosen by committee. Red Cross desires most efficient administration, ample current reports of progress of work and later full detailed financial accounting and narrative report of results. You may draw on State Department for 5,000 dollars immediately available from American Red Cross upon your determining feasibility of organization suggested above. Further amounts may be requested upon definite statement of needs and purposes.

LIANSING

File No. 814.48/9a

President Wilson to President Cabrera

[Telegram]

THE WHITE HOUSE,
Washington, December 28, 1917.

In the great affliction with which you are now visited let me express on my own behalf and on behalf of the people of the United States, the fullest measure of sympathy. If there is any way in which we can be of assistance to you in your trouble or in which we may alleviate some of the sorrow and suffering you will experience because of the calamity, we stand ready to do so. Until it is possible to render some material assistance pray convey to the people of your country the sympathy which we feel for them in the circumstances, a sympathy more profound by reason of the proximities of our countries and the relation of our people with yours.

WOODROW WILSON

File No. 814.48/15

Chargé Thurston to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, December 29, 1917, 7 p. m.

Your December 27, 6 p. m., arrived today and this afternoon presented its contents to President Cabrera who was deeply grateful therefor and requests me to convey to the Government of the United States his own and his people's heartfelt thanks for this additional exhibition of friendship.

The President is of the opinion that the most urgently needed articles which the Red Cross can furnish are shelter tents and small take-down wooden houses and also corrugated sheet iron roofing, likewise clothing for men, women and children, medicines, disinfectants, antiseptics and surgical materials. See telegram of Alfred Clark to the Red Cross. As a guide as to quantities I may say that there are 75,000 people at present living in inadequate temporary shelters. Sanitary conditions of city becoming unsatisfactory for which reason submitted President Cabrera plans for maintaining public health, also

the more satisfactory distribution food as well as other suggestions applicable to present situation, all of which were received with thanks and some are being carried out.

This afternoon a violent shock caused much more destruction and loss of life. The Legation suffering and may have to evacuate in which event archives will receive my careful and constant protection.

Shocks continue and Guatemala City being pitilessly destroyed.

THURSTON

File No. 814.48/23a

The Secretary of State to Chargé Thurston

[Telegram]

DEPARTMENT OF STATE,
Washington, December 29, 1917.

For Minister from Red Cross:

Show despatch of yesterday to Alfred Clark. Include him on relief committee you were asked to organize possibly as executive officer. Deliver following message to Clark:

Acting on your cablegram twenty-eighth we are sending by United Fruit Company steamer leaving New Orleans January third 6,500 dollars worth flour, 1,500 dollars worth potatoes, 500 dollars worth crackers, 1,000 dollars worth disinfectants for Red Cross committee American Minister asked to organize. Will endeavor to send some galvanized iron same boat. Desire specific information as to character and quantity cloth for clothing and quantity galvanized iron.

LANSING

File No. 814.48/11

Chargé Thurston to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, December 30, 1917, 4 p. m.

Up to the present time have received your two wireless messages of the 29th [28] and two cablegrams December 27, 1 p. m. and December 27, 6 p. m. only.

In accordance with contents of wireless message shall now organize relief committee of which I have made Alfred Clark executive officer. Detailed report will be furnished at once when committee at work.

For the information of Red Cross. The representative of Rockefeller foundation fears epidemics and recommends that mixed typhoid and paravaccine be sent. Shocks continue.

THURSTON

File No. 814.48/9

The Secretary of State to Chargé Thurston

[Telegram]

DEPARTMENT OF STATE,
Washington, December 30, 1917, 6 p. m.

Your December 28, 4 p. m. Department commends your activity and your promptness in reporting under prevailing conditions. The Government of the United States offers to you and the other members of the Legation and Consulate as well as to the entire Ameri-

can colony its sincerest sympathy in the great disaster which has overtaken you and wishes to assure you whatever assistance it is possible for it to give.

Telegraph number of destitute Americans wishing transportation to United States.

You may officially assist in relief work keeping in mind that funds for such work are supplied by American Red Cross and not by Department.

Assure President Estrada Cabrera of the support and cooperation of the Government of the United States in this hour of trial.

LANSING

File No. 814.48/17

President Cabrera to President Wilson

[Telegram—Translation]

GUATEMALA, December 30, 1917.

I accept with immense gratitude the expression of sympathy which Your Excellency deigns to send to the people of Guatemala and me on the occasion of the earthquake which destroyed this capital and other neighboring towns. Your message breathes sincerity and is just what I expected from the President of the Nation which distinguished itself by its philanthropic and altruistic sentiments and whose humanitarian ideas raised it to a high station among the peoples. Our situation is certainly very trying; and this enhances the merit of Your Excellency's generous offer to help Guatemala. But unable to make a precise statement with respect to that assistance where so much is called for, I will confine myself to taking the liberty of commending it to Your Excellency's generous sentiments and high judgment knowing as I do the tried friendship of Your Excellency and of the American people for the Guatemalan people and Government which friendship is truly reciprocated.

MANUEL ESTRADA CABRERA

File No. 814.48/16

Chargé Thurston to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala City, December 31, 1917, 10 p. m.

Your December 30, 6 p. m. Thank you. Have already received seven applications for transportation to the United States by destitute Americans and expect others. I do not think there will be more than twenty-five. In view of the fact that train for Puerto Barrios probably will leave here January 2, please instruct me immediately. Suggest that arrangement with the United Fruit Company be made whereby destitute Americans bearing transportation order issued by me may go to United States on the steamer which brings Red Cross supplies.

Your December 28, 6 p. m., delayed seventy-two hours has just arrived. Will send important wireless message this matter to-morrow morning.

THURSTON

File No. 814.48/28

The Guatemalan Minister to the Secretary of State

[Translation]

GUATEMALAN LEGATION,
Washington, December 31, 1917.

MR. SECRETARY OF STATE: By a cablegram received today the President of Guatemala directs me to offer to your excellency and through your worthy medium to the American Government the most earnest and heartfelt thanks for the great sympathy it has kindly manifested on the occasion of the misfortune that befell the City of Guatemala as a sequel of the earthquakes that laid it in ruins.

In the midst of the consternation that spreads over my country at this time on account of the destruction of its capital in which we all fondly saw the fruit of the sociability and work of several generations, most gratifying is the solace that comes to Guatemala from the United States not only in the shape of words teeming with affection but also through prompt and efficient relief of the sufferings of the victims.

All this constitutes a lien upon the gratitude of my country and Government and your excellency will permit me to beg you to accept the expression of the most profound and sincere gratitude which I have the honor to address to your excellency with a request that you convey it to the Government of the United States whose ever cordial friendship manifests itself in the present circumstances in so many delicate ways which my Government and country highly appreciate and most thankfully acknowledge.

I have seen and been deeply moved by your excellency's instructions to Mr. Thurston, Chargé d'Affaires at Guatemala, to tender the sympathy and aid of the United States, and I have read, again moved by the same sentiment of affection for the great American Republic, the message which His Excellency the President was pleased to send to the President of Guatemala and in which I found the true expression of the noble altruistic soul of this admirable people. All this has left a deep impression in my heart.

The activities of the American Red Cross in sending relief to Guatemala to the full extent of the State Department's recommendation is a new page added by the venerable institution to its record of service to mankind throughout the world and my Government appreciates and is thankful for its efforts in behalf of a suffering people.

I beg your excellency to accept my reiterated sincere thanks to your excellency for your kind, delicate attentions in my country's distress. The Department of State further supplied me with the news it received until the Legation could communicate with Guatemala. The Latin American Division under the very able and faithful direction of Mr. Jordan Herbert Stabler has also earned our gratitude for its most intelligent activity and zeal.

I renew to your excellency [etc.]

JOAQUIN MENDÉZ

BOUNDARY DISPUTE BETWEEN GUATEMALA AND HONDURAS.
TENDER OF GOOD OFFICES BY THE UNITED STATES. AC-
CEPTANCE BY GUATEMALA AND HONDURAS.

File No. 714.1515/12

Minister Ewing to the Secretary of State

[Extract]

No. 416

AMERICAN LEGATION,
Tegucigalpa, February 15, 1917.

SIR: I have the honor to report a difficulty between the Cuyamel Fruit Company, operating in northwestern Honduras, and officials of the Guatemalan Republic which may reach a serious stage unless promptly adjusted.

The Cuyamel Fruit Company is an American concern, being the property of Messrs. Hubbard and Zemurray, and engages in the growing and export of bananas for the United States markets. While its holdings are principally in northwestern Honduras and most of its shipments are made from the port of Omoa, the company has also been accepting fruit from planters along the National Railroad, thus providing that section of Honduras with a sorely needed market for fruit.

Some time ago the Cuyamel Company decided to extend their railroad to the Motagua River. As the Department is probably aware, there is a dispute between Guatemala and Honduras over the boundary between the two Republics, Honduras claiming territory north of the Motagua River, while, according to my understanding of the contention, Guatemala claims that the river itself is the boundary between the two Republics. In the present instance, Guatemalan officials are attempting to interfere with construction of a railroad several miles south of the Motagua River.

My attention was called to the matter by Mr. Zemurray of the Cuyamel Company, who had also conferred with the Honduran Government over the matter. President Bertrand is reported to be greatly wrought up over the matter and has instructed that soldiers be sent to this section with orders to fire upon any Guatemalan forces who may attempt to interfere with the work under way.

Mr. Zemurray is under the impression that a treaty celebrated between Honduras and Guatemala in 1915 provides that in the disputed territory between the two Republics each shall respect concessions granted by the other and that after final settlement is made all concessionaires shall acknowledge the authority of the government awarded the territory and shall enjoy the privileges granted, no matter from which government they received their original concession. As this dispatch is being written a half hour before the closing of the mail pouch there is no time to investigate this treaty and its bearing on the present case.

More and more it is becoming apparent that these unsettled boundary disputes constitute a grave danger to the peace of these Republics and it is earnestly to be hoped that a final and amicable settlement of them can be made in the near future.

I have [etc.]

JNO. EWING

File No. 714.1515/6

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Tegucigalpa, February 19, 1917, 9 a. m.

Guatemalan authorities served notice upon the Cuyamel Fruit Company, American company, to stop work on railroad northwestern Honduras and upon refusal ordered a military occupation of the above territory. Honduran Government telegraphed immediately requesting explanation but without reply from Guatemalan Government.

The President desires Department advised that this would be invasion of territory always within Honduras' jurisdiction and never before now claimed by Guatemala, being some miles from Motagua River and company in undisputed possession fourteen years. The President denies that large force has been sent ordered to attack invaders, but only one hundred men for the protection of company's property as concession obligated.

Honduras has been ready to arbitrate boundary dispute but declares Guatemala evades the issue and declares present difficulty an attempt to exploit company. This despatch is repeated Guatemalan Minister.

EWING

File No. 714.1515/8

The Minister of Honduras to the Secretary of State

[Translation]

LEGATION OF HONDURAS,
Washington, February 19, 1917.

MR. SECRETARY: The Republics of Honduras and Guatemala have been unable to demarcate the boundary of their territories. A commission of Hondurans and Guatemalans met last year, under the terms of a convention, to mark out the dividing line at points agreed on, and, at points not so agreed on, to draw maps showing the claims of both parties. The commission separated without having done anything, because Guatemala opposed any survey of the land lying beyond the line it had fixed itself, that is to say, would have the dividing line laid down wherever it desires. On June 30, 1916, the Government of Guatemala by a decree ordered the township of Amates to be established with territory lying largely in Honduras and in the possession of that Republic. The decree, which caused uneasiness in Honduras where it was regarded as an act of violence and which I made known to the Department of State, was not carried out in the end, thanks to the labors of the Minister of Guatemala here and mine.

Now, as your excellency will see from the four cablegrams of my Government of which a copy is enclosed, Guatemala again is trying to place by force authorities in parts of Honduras that have never been in dispute.

Furthermore, the Cuyamel Fruit Company which holds near the land in dispute very valuable agricultural property and would im-

prove it by means of a railway to the Copan Department cannot carry on its work because prevented by the Government of Guatemala.

The Government of Honduras, in view of the foregoing and the urgency of the case bespeaks the good offices of your excellency's Government to the end that the Government of Guatemala, its friend and neighbor, remain in *statu quo* so as to prevent armed conflicts and so as to enable the Cuyamel to carry on uninterrupted the work that is so beneficial to both countries.

I renew [etc.]

ALBERTO MEMBREÑO

[Inclosure—Translation]

Telegrams received by the Minister of Honduras

NUMBER 1

Tegucigalpa, Honduras (February 13) Membreño, Minister of Honduras, Washington. Guatemalan military authorities offer to prevent work Cuyamel and occupy Cuyamelito; same old pretensions of which you know. Inform Department of State. BERTRAND

NUMBER 2

Tegucigalpa, Hond. (February 14). Membreño, Minister of Honduras, Washington. President of Guatemala insists on occupying Honduran territory; is giving military and peremptory orders to set up Guatemalan authorities in Cuyamel jurisdiction and threatening to use force. Government of Honduras is resolved to resist with arms if necessary to defend its rights. Inform Government of the United States. BERTRAND

NUMBER 3

Tegucigalpa, Hond. (February 16). Membreño, Minister of Honduras, Washington. It is not a boundary question but a threat of violent military aggression in Honduran territory contrary to reason and right, casting aside regular and diplomatic channels. In this light I do not doubt the Government of the United States, conformably to its pacifist policy would intervene to prevent armed conflicts. Government of Honduras will perform its duty in defending its rights and national dignity, and lay the responsibility on the unjust assailant. BERTRAND

NUMBER 4

Tegucigalpa, Hond. February 17. Membreño, Minister of Honduras, Washington. Your telegram understood. Government of Honduras is awaiting reply to telegram addressed to Government of Guatemala by this chancellery. Government of Honduras is not stirring trouble. In Honduran territory there are only observation guards. Report what they told you at the Department in regard to my last cablegrams. BERTRAND

File No. 714.1515/9

Minister Leavell to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, February 20, 1917, 5 p. m.

Referring to Minister Ewing's cablegram of February nineteenth to the Department and repeated to me. I am informed that the Cuyamel Fruit Company had an agent in Guatemala recently trying to secure a concession in this very same disputed territory.

LEAVELL

File No. 714.1515/10

The Minister of Guatemala to the Secretary of State

[Translation]

LEGATION OF GUATEMALA,
Washington, February 21, 1917.

MR. SECRETARY OF STATE: By a cablegram which I have just received my Government directs me to tell your excellency that a large Honduran armed force, instigated by a company styled "Cuyamel" has invaded a wide stretch of Guatemalan territory, that my Government, ever desirous of keeping in good harmony with the neighboring countries, proposes to use every pacific means to bring about the withdrawal of that force.

In having the honor of complying with the instructions I have received I avail [etc.]

JOAQUIN MÉNDEZ

File No. 714.1515/11

LEGATION OF GUATEMALA,
Washington, February 24, 1917.

MR. SECRETARY OF STATE: I received last evening from my Government, with instructions to bring it to your excellency's notice, a telegram informing me that the Guatemalan territory is still being invaded by a large Honduran armed force, thus confirming what I had the honor to say to your excellency in my note of the 21st instant.

My Government further says: "We have done nothing more than protesting so as to avert difficulties" which also confirms the statement made in the above cited note as to the pacific and friendly attitude of Guatemala toward Honduras.

In having the honor to lay the foregoing before your excellency I avail [etc.]

JOAQUIN MÉNDEZ

File No. 714.1515/18

Minister Ewing to the Secretary of State

No. 423

AMERICAN LEGATION,
Tegucigalpa, February 28, 1917.

SIR: With further reference to this Legation's cable to the Department of February 19, last, dealing with the threatened interference of the Guatemalan Government with the work of the Cuyamel Fruit Company in northwestern Honduras, I have the honor to report that the excitement has subsided and I believe that there will be no serious encounter for the present.

However, the undefined boundaries between Honduras and Guatemala and between Honduras and Salvador are constant causes of irritation and may at any time seriously threaten the peace of these Republics, and I would most respectfully recommend that steps be taken to secure a permanent settlement of the question. In an informal conversation regarding this interference with the Cuyamel Company, President Bertrand admitted that the mixed commissions appointed to meet upon the boundary were always failures and that

the final adjudication of the contention would have to be through the medium of an umpire in the person of a disinterested third party.

I have [etc.]

JNO. EWING

File No. 714.1515/16a

The Secretary of State to Minister Leavell

[Telegram]

DEPARTMENT OF STATE,
Washington, March 3, 1917, 4 p. m.

Department has been informed by Government of Guatemala that armed force of Honduran troops has invaded territory claimed by Guatemala but which is apparently in dispute between the two Governments.

You will investigate and report by cable full details as to this invasion, paying special attention to the territory invaded and number of troops sent by Honduras.

LANSING

File No. 714.1515/6

The Secretary of State to Minister Ewing

[Telegram]

DEPARTMENT OF STATE,
Washington, March 3, 1917, 5 p. m.

Your February 19, 9 a. m. Government of Guatemala has informed Department that an armed force of Honduran troops has entered territory claimed by Guatemala but which is in dispute between the two Governments.

You will investigate and report by cable as to exact situation of territory referred to giving, if possible, full details as to number of troops which took part in this movement.

LANSING

File No. 714.1515/14

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Tegucigalpa, March 5, 1917, 5 p. m.

Your cipher telegram of March 3, 5 p. m. Guatemalan interference took place at Cuyamelito River ten kilometers east of Motagua River and thirty from the sea. When Guatemala threatened invasion Honduran troops started for scene but they were recalled at the suggestion of this Legation. Only fifty soldiers permanently stationed at Omoa and sixty others reaching the scene for the protection of company property as required by concession and these sixty were withdrawn immediately.

This has not been disputed territory until now and has been under the jurisdiction of Honduras always, a title deed having been granted by the Government sixty years ago and the present company having operated peacefully fifteen years. The only Guatemalan settlement east of Motagua is known as Sinchada where four families settled

two years ago and where Guatemala established garrison of ten men and a telegraph line eighteen months ago.

Honduras claims that rightful boundary line is far from Motagua to the west. Honduras suggests that the United States appoint impartial engineers, preferably from the United States Army, to meet with the boundary commission, being entirely confident that she can prove her claim and convict Guatemala of bad faith.

EWING

File No. 714.1515/11

The Secretary of State to the Minister of Guatemala

No. 65

DEPARTMENT OF STATE,
Washington, March 6, 1917.

SIR: I have the honor to acknowledge the receipt of your notes dated February 21, and 24, 1917, in which you state that you have received information from the Government of Guatemala to the effect that Guatemalan territory has been invaded by an armed force from Honduras.

In reply I desire to inform you that this matter has been called to the attention of the diplomatic representative of the United States in Honduras, with the request that he report in full in regard to the situation.

Accept [etc.]

ROBERT LANSING

File No. 714.1515/8

The Secretary of State to the Minister of Honduras

No. 39

DEPARTMENT OF STATE,
Washington, March 6, 1917.

SIR: I have the honor to acknowledge the receipt of your note of February 19, 1917, in which you state that owing to the fact that the Government of Guatemala appears to be unwilling to abide by the decisions of the commission appointed by the Governments of Honduras and Guatemala, there is likely to be serious trouble between the two countries.

In reply I have the honor to inform you that this matter has been referred to the diplomatic representative of the United States in Guatemala, with request that he investigate and report in full in regard to it.

Accept [etc.]

ROBERT LANSING

File No. 714.1515/17

Minister Leavell to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, March 8, 1917, noon.

Your cable March 3, 4 p. m. Facts appear to be as follows: Guatemalan commandant of San José Cinchado (commandancia is on south side Motagua River in disputed territory on land held by United Fruit Company under Guatemala titles) had some personal trouble with some Honduras soldiers and sent alarming telegram to the President of Guatemala with the result that the Governor, Luis Monzon,

was ordered to collect all the natives in the country round about and wait for further instructions. Some soldiers were also sent to Cinchado but no clash took place and all is quiet although the men are still held subject to orders. Cinchado commandant is said to have been reprimanded and brought up here.

LEAVELL

File No. 714.1515/22

The Secretary of State to Minister Leavell

No. 159

DEPARTMENT OF STATE,
Washington, July 6, 1917.

SIR: I enclose a copy of a despatch from the Minister at Tegucigalpa,¹ transmitting copies of correspondence between the Cuyamel Fruit Company and certain Guatemalan officials, in regard to the company's rights and interests as affected by the Guatemalan Government's claim of sovereignty over certain territory east of the Motagua River.

You will avail yourself of a favorable opportunity to bring the situation of the Cuyamel Fruit Company to the attention of the President of Guatemala and to request that the matter be left *in statu quo*, so far as the fruit company is concerned, pending the definite adjudication of the boundary dispute, at the same time disclaiming any intention on the part of the United States to pass upon the merits of this dispute.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

File No. 714.1515/23

Minister Leavell to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, August 7, 1917, 5 p. m.

Your instruction number 159, of July 6 last. Before I could find opportunity to present this matter to the President, he sent the Minister for Foreign Affairs to inform me that the Honduran authorities having moved in this matter, he was sending to Honduras a special representative to treat of it in the hope that it can be amicably arranged. The Minister for Foreign Affairs will communicate further with me.

LEAVELL

File No. 714.1515/34

The Special Mission of Guatemala to the Secretary of State

[Translation]

WASHINGTON, September 18, 1917.

REPORT ON THE BOUNDARY QUESTION BETWEEN THE REPUBLICS OF
GUATEMALA AND HONDURAS

The discovery and conquest of the territory now comprising Central America was effected almost simultaneously from various directions. Gil Gonzáles Dávila overran Costa Rica and Nicaragua during the

¹Not printed.

years 1522 and 1523, and on his second voyage entered Honduras as far as Olancho. In 1524, on his third visit, hereached Puerto Caballos, established a colony there near Cape Tres Puntas and then retired to Olancho, for purposes of personal profit.

Francisco Hernández de Córdoba, who, in 1523, took the same route as Dávila had in his first voyages, founded several villages.

Cristobal de Olid, sent in 1523 by Cortés to the north coast of Honduras, followed the footsteps of Dávila on his last trip, founded in 1524 the settlement of the Triunfo de la Cruz and took formal possession of the territory in the name of Cortés.

Pedro de Alvarado, who in 1523 and 1524 left Mexico by order of this same Cortés, effected the true conquest of Guatemala from Soconusco to the kingdom of the Quichés, the Cachiqueles and the Tentuhiles; he traversed, conquering at the same time, the southern section of Guatemala and Salvador, to the extreme eastern end and then returned for the purpose of establishing the capital of the province.

The excursions of Dávila served only to open the way for those who followed in his footsteps, conquering these lands. He left no other proof of his passage than that of the establishment of a colony, probably with the only object of getting rid of certain useless individuals who accompanied him, whom he left in an exposed location on the coast, on boggy soil, and isolated from the native settlements where they might have been able to encounter means of subsistence. To this colony he gave the name of San Gil de Buenavista; it was situated close to Cape Tres Puntas, and it was so short lived that when two years later Cortés arrived in Honduras, it had been for a long time abandoned by its settlers. Bancroft, in Vol. VI of his history says:

San Gil de Buenavista was settled near Cape Tres Puntas in 1523 by Gil González Dávila, before possession of these lands had been taken by Cristobal de Olid, in the King's name.

It was, in reality, Cristobal de Olid who established the Province of Honduras and not Dávila, as has been stated by some Honduran writer, claiming that the King had assigned to that province all the lands discovered by Dávila; this is all the more incorrect because the territory of Costa Rica and Nicaragua traversed by Dávila, without authority to take possession of them, did not form part of the province, by consent of the King; he was only given the government of Nicaragua, which he never took possession of, due to the fact that he died previous thereto.

Cristobal de Olid was desirous of disavowing the authority of Cortés, and upon the latter learning of this he sent Francisco de las Casas to punish him. After various incidents, foreign to the matter in question, Olid imprisoned las Casas and Dávila, but shortly afterwards they escaped from him and then executed him in the village of Naco. They then left for Mexico, leaving Juan López de Aguirre, as governor of the district, who was substituted a few days after by Captain Juan Ruano, who was soon deposed by the colonists.

Acquainted with the treachery of Olid, Cortés marched into Honduras from Mexico, which latter country he had succeeded in subduing, arriving more than two years later at the village Nito, located on the edge of the Dulce River, near its mouth, the spot which the colonists left by Gil González at San Gil de Buenavista, had chosen for their refuge, and who, assisted by Cortés, were removed to

Trujillo and to Naco. Cortés appointed Hernando de Saavedra governor of Honduras, and then returned to Mexico.

In the meantime Alvarado was engaged in the conquest of Guatemala, carrying it to the north as far as Huehuetenango and Uspantan; later on he carried it to the Canales Mountains to the east of what is now the capital, and even later yet effected the conquest of Chiquimula, Copán, Mictlán and Esquipulas as far as Citalá in the now Republic of Salvador, close to the Lempa River.

The Government of Honduras in the hands of Saavedra was disputed by Pedrarias Dávila, claiming that it belonged to Nicaragua. Dávila also disputed the matter with Saavedra's successor, Diego Lopez de Salcedo, and the result of these squabbles among the Spaniards was an uprising of the natives, who killed a number of the Spaniards in Trujillo, Natividad (formerly Puerto Caballos) and in Olancho. Salcedo, taking the position that Gil González Dávila was the first to visit Nicaragua, marched to Leon and took possession of the government for several years until 1530, when he returned to Trujillo, dying there, and leaving the Government of Honduras in the hands of Andrés de Cereceda.

Disputes regarding the Government of Honduras continued among the Spaniards which caused new uprisings among the natives who engaged in serious conflicts with the Spaniards.

The abuses committed by Cereceda in Honduras forced his colonists to ask for assistance from Guatemala; but Alvarado had already made up his mind to take possession of the province. He marched into Honduras and arrived at Naco, took charge of the government, and ordered the founding of the city of Gracias, conquering at the same time a multitude of villages. This conquest was authorized by Real Cédula of 1532. Alvarado left immediately for Spain and a short time after Francisco de Montejo arrived at Naco, appointed by the King as governor of the province. Montejo founded the town of Comayagua and tranquilized a part of the country until the return of Alvarado from Spain in 1539.

By this time the governments of Nicaragua and Honduras had been separated. Gil González Dávila was made governor of the first in 1526, but due to the fact that he died during the meantime the government was left in the hands of Pedrarias Dávila from 1527.

The conquest of the rest of Guatemala was carried as far as Verapaz. Alvarado upon his return to this province, restored to its government in 1538, opened up in his passage the road from Puerto Cortés to Sula, from which point he went on to Gracias. In the latter place he arranged with Montejo for an exchange of governments, giving that of Chiapas for that of Honduras, by which means the latter was united to Guatemala.

After the death of Alvarado in 1541 the Government of Honduras and that of Guatemala were separated in 1542, and both countries from that time were definitely separated.

The foregoing is a résumé of existing conditions up to the time the Provinces of Honduras and Guatemala were constituted as such, and the boundaries separating them were in fact determined. The conquered territory of Guatemala included the villages of Chiquimula, Copán and Esquipulas to Citalá. That of Honduras extended to Sula, Naco and Gracias. The boundary between the two sections is the mountain ridge of Merendén in its greater part, or in other words

that part which extends to the southwest; and if in the northeastern extremity, that is, along the coast, Gil Gonzáles Dávila established the village of San Gil de Buenavista to the west of it, near Cape Tres Puntas, and which was made to appear as of Honduras in an allotment of villages made by Alvarado when he subdued this Province, yet its existence was of such short duration, as has been stated above, that when Cortés reached Honduras from Mexico it had already ceased to be, and its discouraged colonists, some 60 men and 20 women, according to the account of Cortés to the King, had taken refuge in Nito in order that they might exist by the assistance of the inhabitants of that village, not being able to do this by themselves. There remains no vestige of the exact spot where the settlement of San Gil was made, and it is probable that it did not exist at the time Alvarado made his allotment. In any event, even if the settlement had existed, it should not form part of the territory of Honduras, because the taking of possession of these lands by Olid and his conquest effected subsequent to the arrival of Cortés, was made from Puerto Cortés southward and eastward, and did not extend to the west of that port and from the village of Naco.

Among the native groups populating Central America when the Spaniards arrived there were the Chortis, descendants of the Yucatan Indians, who had settled the locality now known as the Department of Chiquimula, extending throughout the valleys of Copán as far as the mountain range. The ruins at Quiriqua, Chapulco and Copán show that they belong to a single epoch in history and to a certain specific civilization of that race.

Bancroft, in his *History of America* (Vol. I, *Wild Tribes*) says:

The Chortis live on the banks of the Motagua River. The Chiquimula Indians belong to the Chorti nation. * * * The Xicaques exist in the district lying between the Ulua River and the Tinto River. * * * It seems probable that the Xicaques were once much more widely diffused, extending over the plains of Olancho and in the Department of Nueva Segovia in Nicaragua. * * *

From this paragraph it is to be inferred that the boundaries of the aboriginal races on these lands was fixed by the Merendén ridge of mountains.

The consecutive acts of dominion in the Provinces of Guatemala and Honduras, by the civil authorities as well as by the ecclesiastical, were not extended by either parties beyond the mountain range.

Only on the coast, where the mountain range spreads out, forming the group of mountains known by the name of Omoa, the jurisdiction of Honduras hugs the slopes of these to the west as far as Omoa, these lands reaching to the mouth of the rivulet Cuyamel and even to the mouth of the Motagua, but without exercising any control whatever of the interior lands to the northwest of the valley of the Chamelecón River. This is inferred from several documents from which we have taken the following information:

At the instance of the President of Guatemala, by virtue of a Real Cédula, there was made in 1684 a list of the villages and of the inhabitants of all the provinces and Alcaldías Mayores. In that of Comayagua are to be found the cities of Gracias and San Pedro, and in the latter the ports of Caballos, Omoa and Trujillo and the mouth of the Ulua River. The fact that no mention is made of the mouth of the Motagua, a river as important as the Ulua, proves that the

jurisdiction of San Pedro did not extend to that point. In another list of the cities, towns and places in the Province of Honduras, made in 1689, the same reference is made to these places and ports, and to the Ulua River alone.

Again, in 1772, the Governor of Honduras wrote an account of a visit he had made through his province, and it shows that he did not cross the Chamelecón River, which he ordered to be guarded, probably as the boundary of his authority.

In 1792, under orders from President Don Bernardo Troncoso, the engineer Antonio Perta, made a survey of the coast from Omoa to Manabique Point and from the mouth of the Motagua River to where it joins the River Chico Zapote, fourteen leagues from Guatemala. The statement is made in this account:

From Punta Gorda to the mouth of the Motagua River are found the Chachagual, Cuyamel and Tinto Rivers. * * * From the mouth of this river (the Motagua) to where it joins the river Nuevo is a distance of ten leagues. * * * The River Nuevo, given this name by the inhabitants of the village of Gualán, who go there every year to fish. * * * There is also to be found the valley of Santa Catarina, where the ranches and haciendas of the inhabitants of Gualán begin to appear, and these people go down the river in canoes to do their planting and where they remain a good part of the year. * * * Both banks of the River Grande (the Motagua) are covered by ranches or haciendas of the inhabitants of Gualán.

From this survey there resulted the formation in Guatemala of a navigation company on the Motagua, which was carried through by means of a Real Cédula, and considerable success was obtained by it in the movement of merchandise from Gualán to Omoa. In none of the documents which treat of the subject is the least mention made of the River Motagua belonging to Honduras, nor yet that it constitutes the dividing line between that province and Guatemala; and if either one of these circumstances existed it would have been so stated, in view of the prerogatives each exercised over its own territory and the lack of authority each had over the territory of the others, without previous and explicit royal authority.

Going back to the seventeenth century, it would be well to mention that in 1604, there was discovered, by order of Alonzo Criado de Castilla, Governor of Guatemala, the port of Santo Tomás, which formed part of this territory. The Bishop of Comayagua claimed that these lands pertained to his jurisdiction, but when the President of the Audiencia communicated to the King the knowledge of its discovery he asked that the port be made an Alcaldía Mayor and of the jurisdiction of Guatemala, as was the gulf, and not that of Honduras. And this must have been confirmed by the King, because from that time to the present authority direct from the capital has been exercised there. In his report the President adds:

Near this new port it will be possible to effect navigation along a river there located to any point where merchandise may be had to bring and carry same to and from this city (Guatemala) in this way saving a great deal of travel by land.

This, without doubt, refers to the Motagua River, there being no other such in that section and still less with such qualifications; from this it may be inferred that the dominion of Honduras did not extend to this river, and even its name does not appear sure.

There exists other good proof of the rights of Guatemala to all this territory, which is the following: In 1856 there was published a book entitled "Notes on Central America, particularly the States of Hon-

duras and San Salvador" by E. G. Squier, translated by a Honduran, in which are set forth very important data, as follows:

Much of the data given on the map (made by the author) within the limits of the Department of Gracias, are taken from that made by José María Cacho in 1834, now Secretary of State of Honduras. * * * The Republic of Honduras comprises the territory which belonged to it as a province. Its boundary on the north and east is the Bay of Honduras and the Caribbean Sea, extending from the mouth of the Tinto River to Cape Gracias a Dios (referring to Guatemala) * * * along the Merendén mountain chain and that of Grita, embracing Copán ruins, almost fifteen miles to the southeast to the head of the little River Tinto which flows into the Bay of Honduras. * * * Leaving the high plateaus of Guatemala this line (the mountain range) follows a course almost easterly until it reaches the frontier of Honduras, from whence it goes to the southeast, where a great spur, not inferior in elevation to the Sierra Madre, runs from the east northward to the Bay of Honduras. At the point of separation this line is called the Merendén mountain, in other places La Grita and down near the coast the Mountain of Espíritu Santo. On the same coast where it reaches the majestic altitude of seven or eight thousand feet they are called the mountains of Omoa. Along its northern base runs the Motagua river, which rises near Guatemala City and flows into the Bay of Honduras. * * * The Department of Gracias is at the northwest corner of the State, touching San Salvador and Guatemala. It is the only one regarding which we have been able to obtain exact data. This is due to José María Cacho, now Secretary of State of Honduras, who as Jefe Político of this Department in 1834 performed his duty. * * * To the north is the line of Merendén which runs from the boundary of Salvador to the Bay of Honduras, a distance of 150 miles. It is known by various names at different points, such as Merendén, Gallinero, Grita, Espíritu Santo and Omoa. There are no villages in these mountains with the exception of a small hamlet called Dolores Merendén. At their base to the north there are several beautiful valleys, among which is found Copán, famous for its ruins. To the west of the Merendén mountains, and from the mountain passes flow the small Rivers Gila and Gualán which empty into the Motagua. Along the eastern base of the same ridge runs the Chamelecón River, which rises a few leagues to the north of the city of Santa Rosa. * * *

To this point the work of Mr. Squier takes the subject. It must be taken into account that the able author of this and other works, was an American citizen, charged with a diplomatic mission in Central America, and in making the statement as to the boundary line which separated Guatemala from Honduras, he must have done so with a complete knowledge of the subject, and to this effect took the data which was published on the question of the boundary by a reputable Honduran, none other than the former Jefe Político of the Department of Gracias and Secretary of State of the Government of Honduras at the time Mr. Squier compiled his book. Two corrections should be made to the statements of this author: one where he refers to the Tinto River, which has been taken as the boundary after the mountain range by him and by other authors, perhaps arbitrarily or possibly in confounding it with the Cuyamel River; and the other that the valley and ruins of Copán are not located, as he states, to the east of the mountain range, or within Honduran territory, but to the west on Guatemalan territory. For the rest there are no discrepancies between the boundaries given and those acknowledged by Guatemala. What Mr. Squier and Mr. Cacho have stated constitute plain proof of the boundary lines which separate Honduras from Guatemala.

Regarding the valley of Copán and its ruins, Guatemala has very solid arguments for considering herself the owner of these lands. Of these it has been said that at times they have belonged to Honduras and at other times to Guatemala. This it seems must have occurred, though, probably, only in fact on the part of Honduras. At the beginning they were a part of Guatemala through their conquest;

nevertheless shortly thereafter they were undoubtedly joined to Honduras, as the statement is made that they formed a part of the latter in a report sent at that time to the King by a commissioner who visited both provinces.

It is not known to what jurisdiction they belonged during the succeeding years, but the fact remains that in the 18th century they belonged to Guatemala. In the second volume of the visit of the Archbishop, written by Doctor Pedro Cortés y Larraz, pages 207 to 219, is found the account of that of the parish of Jocotán, verified March 31 and April 1, 1769: at the beginning of which among other things is the following statement:

That the parish of Jocotán is formed by two villages joined together, one that of San Juan Camotan and the other San Juan Ermita. The village of Camotan extending towards the east is about half a quarter of a league distant from this point. * * * The valley of Copán extends to the east, and from this point to the last settlement in this valley is a distance of 12 leagues. The valley contains eleven haciendas, and is three leagues wide by six leagues long. * * * In this district are the haciendas mentioned. * * * In the valley of Copán there are nineteen families of ladinos. * * * In the valley of Copán the territory of this parish, lives Don Ramon Lugo. * * * And in compliance with the orders of his illustrious lordship, the 22d of the present month, done at Guatemala August 25, 1847. Antonio Latona, Notary Public.

In 1784 Cayetano Frances y Monroy formed the Estado General of the archbishopric of Guatemala, in which the valleys of Copán and Tanco, with the list of their inhabitants, appear as annexed to the parish of Jocotán (Guatemala).

Also in 1791, in a letter of the Bishop of Comayagua to the King, in which are mentioned the towns and valleys of his jurisdiction, no mention is made of Copán as belonging to Gracias, although mention was made of others of less importance.

To the end of the 18th and the beginning of the 19th century would correspond what the historian Juarros states respecting Copán:

This place which today bears only the title of valley, is located on the dividing line of the Provinces of Chiquimula and Comayagua; so that at times it has belonged to the first and at other times to the second of these provinces.

If, in addition, it is taken into account that, according to the map of the ecclesiastic vicarages which existed in the Curia (Ecclesiastic tribunal) of Guatemala since before the year 1857, these valleys were even then a part of the parish of Jocotán, it must be inferred that they have never ceased to belong to Guatemala, legally, although on various occasions they have appeared to be a part of Honduras.

Don Antonio Vallejo, an illustrious Honduran, who worked faithfully for his Government in the matter of the boundaries of his country, endeavoring always to procure their wider extension, has made us his debtors for the following statement, recently published in a newspaper of Tegucigalpa, and which serves as a complement to the paragraphs above given relative to the jurisdiction of the church:

In order to avoid contention and delay in the administration of justice, there was issued in 1571 the Ordinance IV, which is Law 7, Chapter 2, Vol. 2, "Recopilación de Indias" which is the definite and fundamental statute for surveying the boundaries of the provinces of America, and which today serves as a guide for the survey of questions which arise from territorial circumscriptions, and which orders that great care be taken in making the boundaries outlined for the exercise of the spiritual authority of the bishoprics and archbishoprics agree with those of the governors, inferior courts and viceroys, and vice versa. So that in determining the limits of the dioceses, the others were determined also, and it is

noted that as time progressed this principle became yet more accentuated, serving as a step forward in the path of progress and also as an homage to civilization.

The Royal Cédula, decreed in 1571, contains an express command that all boundaries of the jurisdictions of the Church shall be conformed to by temporal authorities, in order that annoyances may be avoided in the administrative routine, of the colonies. Bear in mind that the jurisdiction of the bishop cannot extend beyond his diocese, according to the canonical law. * * * The establishment of intendants in 1786 introduced no modifications, separations nor divisions of any kind in the boundaries which had been assigned to Honduras; on the contrary they maintained the same territorial integrity which had been granted to the diocese of the bishop, so that the boundary of the bishopric was also that of the governor intendant, and the limits of the dioceses served as a basis for the ordinances decreed for the intendants in making the later divisions, both political and administrative.

The Boundary Treaty between Guatemala and Honduras of 1845, in Article XIII says:

The States of Honduras and Guatemala recognize as their boundaries those shown by the dioceses of each, in the Royal Decree of Intendants of 1786.

Dr. Vallejo, Director of Statistics of Honduras and an assiduous researcher of documents bearing on the boundaries of his country, took charge of the work of demonstrating Guatemala's position in maintaining as her boundaries those which had pertained to the dioceses and in her claim relative to the valley of Copán.

There is still other data: In a detailed report of the new railway between Guatemala and Omoa, by the Engineer Luis Diaz Navarro, in 1746, it states:

It is five leagues from the valley of Copán to the foot of the mountain and from the latter point to the eastern border is another five leagues, making ten leagues of roadway newly opened by Don Angel and it was the first made because there was a great deal of underbrush and thicket which impeded the way. These ten leagues are to be kept clean and in order by the companies of the valleys or Copán, Jocotán and Camotán, governed by Feliciano Lugo, the Sergeant Major of that section. From the mountain pass of Copán on this side to the east, to the valley of Venta is an old roadway and this has been repaired in places and cleared of underbrush in some places where needed, making the highway mentioned in the journal; this is some 18 leagues long and once made requires little attention; the duty of keeping it in condition pertains to the companies of Omojoco, Guancire and Pinal.

It is inferred from this report that the roadway leading to Copán from the mountain pass (the Merendén range) to the west should be maintained by the people of Guatemala and from the mountain to the east, by the people of Honduras; this indirectly indicates the jurisdiction of each of the provinces.

Attention is called to the fact that Copán, her ruins, and many adjoining valleys are today in possession of Honduras, who has, day by day, and foot by foot, extended her domain over this region, regardless of the continued protests of Guatemala, who has always tried to avoid a conflict between the two countries. Honduras has also for the past few years had possession of the right bank of the Tinto River up to the place where it joins the Motagua, and she is today trying to extend her domain further to the south all along the right bank of the Motagua River; to all of which Guatemala has reiterated her protests. It should be borne in mind that Guatemala constructed a portion of her railway to the Atlantic on that side of the Motagua more than thirty years ago; more than half a century ago she developed the gold washing basins of this region; for fifteen years she has made concessions for the timber lands of the western slopes of the mountain range and has transferred title to these lands

to a great number of people and corporations at all times, before and since her independence from Spain; and to all these acts of dominion on the part of Guatemala Honduras has never raised a protest, for the excellent reason that all that side of the mountain range to the banks of the Motagua River has been recognized by every one as an integral part of the Republic of Guatemala. Only a few months ago Honduras granted a concession to a railroad company for this same region and ordered the surveying of lands upon those already conceded by Guatemala, entering her villages with an armed force and inciting to conflict, which Guatemala up to this time has tried to prevent.

This is the condition in which is found the boundary question between Guatemala and Honduras. The desire of the first named to reach a definite understanding is shown by the acts of the boundary commissions during their work which was carried out by virtue of the three treaties signed by both countries; there can also be seen, from the same acts and related facts, the desire of Honduras to create difficulties and disturb the harmony so desirable for both countries and so necessary for the latter Republic.

There is still a reference to be made to the condition of the boundary question on a small part of the frontier, that is the more southerly part, in which the Merendén range does not figure as a boundary line. This range has a starting point to which both parties are in complete conformity. From this point, which is called Cerro Obscuro, the line runs straight in a more or less southwesterly direction until it touches the ravine called La Brea, a point also recognized, and follows along this ravine downstream, without dispute. The boundary commissioners who, from both countries, discussed this frontier in 1847 under the treaty of 1845, agreed by an act signed by all of them that the boundary line separating Honduras from Guatemala should begin at the boundary landmark with El Salvador, called the Cuchilla de las Dantas and continue northwest to the Mojanal mountain; thence to the passage of the roadway from Esquipulas to Ocotapeque, in the ravine La Brea. This convention was not respected by Honduras, who shortly thereafter extended this boundary over into Guatemala, embracing a considerable amount of land, cultivated and inhabited by the people of Esquipulas, paying no attention whatever to the continued demands and protests of Guatemala. In 1908, by virtue of a new treaty, which was signed in 1895, the Honduran commissioners would not recognize the agreement of their predecessors and alleged that it had not been approved by both countries. For this reason Guatemala today must maintain as her boundary the one which formerly had belonged to her, and which previous to the year 1847 had been usurped by Honduras, with the villages of Sescapé (today Santa Fé) Santa Anita, the haciendas of San Cayetano and Machuca, with other settlements of small importance. These villages are located on the right bank of the Lempa River, and this river was the boundary which was recognized in remote times as the dividing line between the two countries. In fact in 1812 the members of the Sala Capitular of Comayagua, petitioned the King, among other things,

the reestablishment of the aggregation of the Partido of San Miguel, subject to the Intendancy of San Salvador, extending the limits of the Province of Honduras to the banks of the Lempa River from its source in the Parish of

Ocotepeque, contiguous to the Archbishopric and Province of Guatemala on the east and following the regular course of this river to the South Sea, where it discharges, thus serving as a dividing line between the District of San Miguel and the Province of San Salvador. This boundary created by nature regulates the territory of the Province of Honduras.

José Maria Cacho, of whom mention is made hereinbefore, also states as follows in his book on the Department of Gracias published in 1857:

The Lempa River, which divides the States of Honduras and El Salvador, in this part, and whose fertile banks furnish the livelihood of many people in indigo plant and live stock, has its source between Esquipulas and Jute.

This river forms the boundary of the District of Ocotepeque, according to the description given by the same writer in the book mentioned. It is therefore not to be doubted that the Lempa River constituted the boundary between Guatemala and Honduras, before the latter began her encroachments into Guatemala.

In *résumé* the boundaries of both Republics are the following: the Lempa River, from the valley of Gualcho, at the angle of the Republic of Salvador, upstream to the ravine de la Brea; the ravine and thence a straight line to Cerro Obscuro. On these two last lines both parties are agreed; the mountain range called successively Merendén, Grita or Gallinero and Sierra del Espíritu Santo, to the peak San Ildefonso, and lastly a straight line to the Cuyamel River's mouth on the Carribbean Sea.

Different geographies of Guatemala and of Central America and many maps of Guatemala and Honduras show these lines with slight variations; although, as stated above, the line from the Cuchilla de las Dantas or of Cerro Brujo (a little to the west of the former) as far as la Brea is conceded, some place Copan on the Honduran side and the others on the Guatemalan side, and finally, at times, terminate the line of the mountains in the Cuyamel River, and at others at the source of the Tinto River, the frontier following this river and the Motagua River to the sea. The following is a list of the publications and maps referred to:

Geography of Guatemala, by Francisco Gavarrete, 1868.

Geography of Central America, by Roderico Toledo, 1874.

Geography of Central America, by F. L. 1892.

Map of Central America, by John Baily, 1850.

Map of Guatemala, by Maximiliano von Sonnestern, 1859.

Map of Central America, by H. Kiefert, 1858.

Map of Guatemala, by Juan Gavarrete.

Map of Guatemala, by Herman An, 1875.

Map of Guatemala, by Teodoro Paschke, 1889.

Map of Honduras and Salvador, by E. G. Squier, 1859.

Map of Guatemala annexed to Geography of Gavarrete, 1868.

Map of Central America, annexed to "The Land of the Quetzal" by William F. Brigham, 1887.

Map of Guatemala, by E. Bourgeois, 1874.

Map of Honduras, by E. P. Mayes, 1904. This map adds, probably for the first time, another line on the Motagua River as the frontier claimed by Honduras, placing as the disputed zone that which lies between this and the mountain range.

Map of Honduras, by Francisco Altschul, 1889; as in the preceding map showing the disputed zone, traced by hand; not engraved.

Map of Guatemala, by C. Sapper, 1894.

Map of Honduras, and Salvador, Bureau of the American Republics, 1892.

Map of Honduras and Salvador, by F. Bianconi, 1891.

Map of Chiquimula (Department of Guatemala) del Atlas de M. Rivera Maestre, 1832.

Map of Honduras, by A. T. Byrn, 1886. This map was published by C. W. & C. B. Colton & Co., of New York, 1886; it bears the coat of arms of the Republic, and the name of the author A. T. Byrn, C. E., M. E., and the added title of Civil Engineer of the Government of Honduras. In a note on the map itself appears the following: "Sold by E. C. Fialles & Co., Civil and Mechanical Engineers and Mining Experts of the Republic, by special appointment of the Government, Tegucigalpa." On this map the ridge of the Merendén, Grita or Gallinero and Espíritu Santo appear in their proper places, which is well known in that section; the only difference is that they are made to pass to the west of Copán, when in reality they pass to the east. The territorial boundary appears on this as extended from the ridge to the mouth of the Cuyamel River, which, however, occupies its proper position. It is to be borne in mind that this is an official map of Honduras, because not only was it made by a civil engineer of that Government, but it carries also the express authority of that Government for its sale. It is therefore a clear proof of the boundaries which Honduras acknowledges. Guatemala does not agree to the boundary accorded to Copán, or rather to the place where this village is situated, which is on the Guatemalan side to the west of the mountain ridge and not to the east, on the Honduran side.

I do not believe it would be possible to find in the archives of these two Republics, nor even in Spain, any other documents but those of a scientific nature, such as maps and inspections of special commissioners, which would give any clear data of the old boundaries of Guatemala and Honduras, due to lack of information possessed by the Governments of the two countries of the waste regions which separated the two provinces. If by chance reference is made to boundaries or to any jurisdiction it is generally so vague or so incorrect that in place of giving light it makes the subject yet more confused. It is not unusual, for example, to find a reference to a jurisdiction in old documents, such as: "Izabal, of the jurisdiction of Honduras," or "Tegucigalpa, of the jurisdiction of Guatemala." Do not such statements show the profound ignorance which existed respecting these countries? One boundary is given in a Royal Cédula of the 16th century, which is stated to be a direct line from the mouth of the Ulua River to the Bay of Fonseca. Is not this absurd and a lack of practical understanding? The geographic maps of the period before Honduras awakened to the ambitious desire to extend her frontiers are the only ones which can give us an idea of the true boundaries between the two countries; it should be borne in mind that work of this kind is the result of special study by the authors before giving a graphic form to the boundaries; and although they may contain errors caused by wrong interpretations or through lack of data, a dispassionate and good judgment in its acceptance would assist in clearing up the truth. Worthy of consideration in this connection, among the maps now in existence, are those of Guatemala made by

Juan Gavarrete, and those of Honduras, drawn by A. T. Byrn, in 1886; the former having been traced by an illustrious and honorable scientist who worked all his life in the national archives, compiling indexes and catalogues of the records and whose upright character would not permit him to yield to a sentiment of partiality; the latter, because his work was done by order of the Government of Honduras, which gave its tacit approbation to it as the official map, by recommending its sale. Between the two there exists only one variance, and that is the reference to the Copán region which appears as belonging to Guatemala on the first map and to Honduras on the second; a difference which has existed heretofore and which is now the subject of controversy. There is no dispute about the rest of the frontier toward the north. Another important map, that of the vicarages, a manuscript of about the middle of the past century, gives the same boundary. This map is of an authenticity which gives no room for the slightest doubt and which defines the frontier of both countries, leaving no margin for any discussion whatever; although Guatemala and Honduras, in the treaty of 1845, in force at all times, agreed that the boundaries should be those fixed by the Church dioceses.

We will now take up the claims which Honduras makes up to the present date. This qualification is made because her claims change from day to day.

Since the drawing up of the first boundary treaty in 1845, between the two countries, the Guatemalan commissioners, adhering to the provisions of the treaty, have tried to establish the boundaries of the ecclesiastic jurisdictions of both dioceses; but the Honduran commissioners endeavored to give authority as the boundary to the lines traced by Honduran surveyors by means of land measurements arbitrarily made, without the knowledge of Guatemala, and upon lands acknowledged by the latter, as well as others belonging to her of much greater priority. It was not possible to arrive at an agreement, except as to the line above referred to from the Cuchilla de las Dantas to the Mojanal and to the passage of the Brea road.

It is pertinent to make mention here of the following fact: The Guatemalan commissions were given certain instructions by two men in Guatemala who were competent judges of such matters, being Miguel Larraynaga and Alejandro Marure. It was stated in these instructions that what was desired to be cleared up was the boundary on the southern part of the frontier, that on the north being clear and undisputed; although according to the historian Juarros that boundary was made by the Motagua River. Nevertheless the authors of these instructions added that the map of Rivera Maestre (that of Chiquimula, before mentioned) should be consulted; and as the difference between the map and the references made by Juarros is so enormous, Rivera Maestre giving the mountain ridge as the boundary and Juarros the Motagua River, it is inferred that the individuals giving the instructions must have been in doubt as to both statements. From the fact that the Motagua River had been mentioned as the boundary by an entirely unauthorized historian Honduras took the position of maintaining this claim, and thus originated her claim to the right side of the river, which Guatemala can never agree to.

It appears that Honduras also claims that her territory extends to the west of the mouth of the Motagua from the circumstance

that the settlement of San Gil de Buenavista by Gil Gonzáles Dávila was located on that bank of the river; and it has even been attempted to maintain that that settlement was situated where today is found the port of Izabel, which is completely absurd. A full account has already been made regarding the colony of San Gil and that the Province of Honduras never extended beyond Omoa.

In the work of the boundary commissioners in 1908, 1909 and 1910, on the frontier, by virtue of the treaty of 1895, it was impossible for the Honduran commissioners to understand the duty which rested upon them to establish as a working basis the ecclesiastic jurisdiction, not only because this treaty so indicated, but because it had been so expressly provided in the previous treaty, which remained in force. They, nevertheless, continually endeavored to establish the boundary lines by means of land measurements, not only upon those which were adjudged before the independence, but those of more recent dates, and even those shown subsequent to the treaty.

A similiar tendency was shown by the Hondurans when about to prosecute their inspection by virtue of the last treaty, that of 1914; but this work was never carried out.

In order to become convinced of the uncertainty of the position of Honduras in maintaining her successive claims, and her boundaries, it is sufficient to glance at the maps published by Honduras; in the map made by A. T. Byrn, 1886, hereinbefore mentioned, the mountain range was admitted to be the boundary, although embracing Copán; in that of E. P. Mayes, 1904, to which also reference has been made, the Motagua River is given as the boundary, as well as in another published by Colton, Ohman & Co. of New York in 1900. In another map drawn by the engineer E. C. Fialles, published in 1909 by August R. Ohman & Co. of New York, the boundary is given as reaching to Lake Izabel, embracing a great number of towns and villages of Guatemala, never before disputed, including Puerto Barrios, and the ports of Estrada Cabrera and Izabel; and finally, in another map of Central America, published by the house of D. Appleton & Co., in 1914, from data furnished by Honduras, according to the statement of the publishers, the boundary of Honduras and Guatemala appears as including all the lake of Izabel.

It will be clearly seen, from the occurrences of 1847, 1908 to 1910 and 1916, between the commissioners of both countries, that nothing can be gained by further study of the boundary question, as each attempt has further complicated the result. It is believed that the best way is to enter into a full and definite boundary treaty, in which the boundaries shall appear in a manner equitable to both countries, traced by a few straight lines, defining the lands legally acquired by both countries; seeking always the harmony which should exist between two republics, truly sister republics, each one yielding her claim, just or unjust, in the cause of peace and tranquility for both republics.

M. ECHEVERRÍA Y VIDAURRE
MANUEL MA. GIRON
CLAUDIO URRUTIA

WASHINGTON, *September 18, 1917.*

File No. 815.00/1734

Minister Ewing to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Tegucigalpa, November 1, 1917, noon.

From Omoa it is reported a large number of men guarded by soldiers are preparing trail from the Guatemalan border into Honduras. Called this to attention Guatemalan Government yesterday, no reply yet.

EWING

File No. 815.00/1734

The Acting Secretary of State to Minister Leavell

[Telegram]

DEPARTMENT OF STATE,
Washington November 3, 1917, 6 p. m.

Department has been informed that the Honduran Government has received intimation that a large number of men guarded by soldiers are preparing a trail from the Guatemalan border into Honduras in the vicinity of Omoa.

You will investigate this report and ascertain the character of such activity which is considered by Minister for Foreign Affairs to be actuated by a hostile attempt against the present administration in Honduras.

You will bring this matter to the attention of President Estrada Cabrera and express the difficulty this Government feels in giving credence to the report indicating that any information that he may be able to furnish will receive the consideration of the Department.

POLK

File No. 815.00/1734

The Acting Secretary of State to Minister Ewing

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, November 3, 1917, 6 p. m.

The attention of the Guatemalan Government has been called to the reported movement in the vicinity of Omoa, with request that a statement be given the American Minister in explanation of the activity there.

POLK

File No. 815.00/1736

Minister Leavell to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, November 6, 1917, 5 p. m.

Your November 3, 6 p. m. President Cabrera told me this afternoon that on the contrary his laborers guarded by Guatemalan soldiers were engaged in repairing bridges and roads in the territory of Guatemala in the expectation of an invasion by Honduras. While

the commissions of both countries are in Washington about this disputed territory matter, his desire was that the question should be left *in statu quo*, but instead Honduras has now a thousand soldiers in the territory of Guatemala and that he has for the time being withdrawn both laborers and soldiers from certain contact with the Hondurans. I am sending Thurston to locality to-morrow morning to investigate and will report the result on his return.

LEAVELL

File No. 815.00/1736

The Secretary of State to Minister Ewing

[Telegram]

DEPARTMENT OF STATE,
Washington, November 12, 1917, 5 p. m.

Your November 1, noon. You may inform Government of Honduras that this Government brought statement of Minister of Foreign Affairs in regard to presence of Guatemalan troops on frontier to attention of President Estrada Cabrera, who informed American Minister that Guatemalan laborers guarded by troops were repairing bridges and roads in territory of Guatemala in expectation of an invasion by Honduras. He further stated that he desired question of boundary to remain *in statu quo*. He declared that Honduras had one thousand soldiers in Guatemalan territory and that for time being he has withdrawn his soldiers and laborers from certain contact with Honduran troops.

The Secretary of the Legation at Guatemala has been sent to locality to investigate; when his reports are received, you will be notified.

Guatemala's Special Mission to United States now in Washington has requested good offices and mediation of United States in boundary dispute with Honduras. United States has informed them that if both countries desired this and so requested, it would tender impartial good offices and mediation.

LANSING

File No. 714.1515/30

The Minister of Guatemala to the Secretary of State

[Translation]

LEGATION OF GUATEMALA,
Washington, November 12, 1917.

MR. SECRETARY OF STATE: I have the honor to express to your excellency, and, through your worthy medium to the illustrious American Government, the sincere gratitude of the Government of Guatemala for the kind and friendly reception with which the Special Mission of Guatemala has been favored during its work in Washington.

At the same time I have received instructions from my Government to accept, with sincere satisfaction, the good offices and friendly

mediation which your excellency has had the goodness to offer, to the end that a prompt settlement may be reached in the matter of the boundary dispute between Guatemala and Honduras, in the manner proposed in the memorandum which your excellency has handed the Special Mission, and which without doubt constitutes the most adequate means to this end. In this connection I beg of your excellency to have the goodness to recommend to the Government of Honduras, as a preliminary step, that the protocol recently signed by representatives of Guatemala and Honduras be put into effect, with the laudable purpose of removing all difficulties.

I renew [etc.]

JOAQUÍN MÉNDEZ

File No. 714.1515/32

The Special Mission of Guatemala to the Secretary of State

[Translation]

WASHINGTON, November 13, 1917.

MR. SECRETARY OF STATE: In order to carry into effect the kindly mediation which the illustrious Government of your excellency has been good enough to offer to our Government, in order that a just and equitable boundary treaty may be made with the Republic of Honduras, we have the honor to address your excellency and to request that, if you will be so kind, the valued and good offices of the American Government may be interposed with the Government of Honduras to the end that the last treaty on this subject made with Honduras at Tegucigalpa be put into force.

In making this request it affords us pleasure to express to you the satisfaction and gratitude with which our Government has received the valued offer of the Government of your excellency and the hope it entertains that through such a medium a harmonious solution may be reached.

We avail [etc.]

M. ECHEVERRÍA Y VIDAURRE
MANUEL MA. GIRON
CLAUDIO URRUTIA

File No. 714.1515/28

Minister Ewing to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Tegucigalpa, November 16, 1917, 11 a. m.

Department's November 12, 5 p. m. Government replies accepting offer United States to mediate boundary dispute with Guatemala. This request for mediation originally suggested by Honduras to United States March 5 last. Honduras denies presence of troops numbering neighborhood thousand, ordinarily maintaining only twenty-nine soldiers this district with additional twenty at present.

EWING

File No. 714.1515/40

Minister Ewing to the Secretary of State

[Extract]

No. 549

AMERICAN LEGATION,
Tegucigalpa, November 16, 1917.

SIR: I submit herewith for the Department's consideration copies and translations of the recent correspondence with the Honduran Foreign Office.

I have [etc.]

JNO. EWING

[Inclosure!]

*Minister Ewing to Minister for Foreign Affairs*AMERICAN LEGATION,
Tegucigalpa, November 18, 1917.

EXCELLENCY: I have the honor to inform your excellency of the receipt of a cablegram, dated Washington, November 12, 5 p. m., from the Honorable Secretary of State, which instructs me to bring to the attention of your excellency's Government the result of an interview held by the American Minister to Guatemala with the President of that country.

The Minister, upon instruction from the Department of State, brought to the attention of President Estrada Cabrera the statement of your excellency with regard to the presence of Guatemalan laborers, guarded by troops, at Omoa, Honduras. The President informed the American Minister that these laborers were repairing the railroad and roadstead in the territory of Guatemala in expectation of an invasion by Honduras. The President further stated he desired the question of the boundary to remain *in statu quo* and declared that Honduras had one thousand soldiers in Guatemalan territory and that for the time being he has withdrawn his soldiers and laborers from certain contact with Honduran troops.

The Secretary of the American Legation in Guatemala has been sent to the locality to make an investigation of the border troubles and I shall no doubt be notified of the result of his efforts.

I have the honor to advise your excellency that my Government has informed the Special Mission of the Guatemalan Government, now in Washington, to tender good offices and mediation of the United States in the boundary dispute, that if it is the desire of both Honduras and Guatemala, and the United States is so requested, it will tender its impartial good offices and mediation.

In the event it is the desire of your excellency's Government to accept my Government's good offices and mediation of the disputed boundary question, I shall be most pleased to communicate this request to the Government of the United States.

I improve this opportunity to offer [etc.]

[JNO. EWING]

[Inclosure 2—Translation]

The Minister for Foreign Affairs to Minister Ewing

TEGUCIGALPA, November 15, 1917.

MR. MINISTER: I have had the honor to receive your excellency's courteous note dated the 13th of the present month, in which you were pleased to inform me, with instructions from the Honorable Secretary of State, of the result of an interview between the American Minister in Guatemala and the President of that country.

According to that interview the President of Guatemala does not deny the presence of Guatemalan soldiers and workmen in the zone on this side of the Motagua River, but states that those workmen are engaged in constructing a railroad and roadbed in Guatemalan territory; which is inexact, because as I have

stated before, this territory is located on the right side of the Motagua River, which has been held as the boundary between Honduras and Guatemala, the Guatemalan workmen and guard having crossed over; and what is more, the railroad grade to which the President of Guatemala refers is no other than that belonging to the American Cuyamel Company, constructed by concession of this Government authorized many years ago. Guatemala not having a railway line on this side of Motagua River, it is not explained by what right the President of that country undertakes the construction of a road which does not belong to him.

I must state, moreover, to your excellency that the Government of Honduras has not had at any time a force of a thousand men in that territory; that the military guard ordinarily maintained on that frontier is of twenty-nine soldiers, distributed as follows: eleven in Motagua; six in Chachagua; six in Rio Tinto; and six in Corrientes. Just now, on account of the presence of Guatemalan workmen and soldiers in Honduran territory, there has been sent from the barracks at Omoa an observation guard composed of twenty men which is at present stationed in the place called Gimerito. This is, Mr. Minister, all of the force which Honduras has in that frontier, as will be verified by the Secretary of the American Legation in Guatemala in the inspection which your excellency informs me he is making on our frontier.

I am separately replying to the other important point of your valued note.

With sentiments [etc.]

MARIANO VASQUEZ

[Inclosure 3—Translation]

The Minister for Foreign Affairs to Minister Ewing

TEGUCIGALPA, November 15, 1917.

MR. MINISTER: After referring myself to the preliminary points of your courteous note of the 13th of the present month, I now have the grateful satisfaction to allude to the important matter contained in the said note, relative to the statement which your excellency's Government made to the Special Mission of the Guatemalan Government, at present in Washington, offering the good offices and mediation of the United States in the boundary question which exists between Honduras and Guatemala.

My Government esteems this offer as a demonstration of the good friendship of the Government of the United States, which it thanks profoundly; because Honduras is confident that with this mediation and good offices can be solved satisfactorily the boundary question with Guatemala which for a long time has caused uneasiness to the frontier towns of both Republics.

I beg, in consequence, that your excellency will be pleased to make known to the Government of the United States the great desire of my Government that it shall be the mediator in the matter under discussion, as soon as the Guatemalan Government accepts, as I have no doubt it will, this friendly and valued intervention.

At the same time I beg that your excellency will be pleased to transmit to your illustrious Government the high appreciation and gratitude of the Government and people of Honduras for its kindly good will in favor of the welfare of this Republic.

I repeat [etc.]

MARIANO VASQUEZ

File No. 714.1515/30

The Acting Secretary of State to the Minister of Guatemala

No. 96

DEPARTMENT OF STATE,
Washington, November 16, 1917.

SIR: I have the honor to acknowledge the receipt of your note of November 12, expressing your Government's thanks for the friendly reception accorded to the Special Mission of Guatemala, stating that your Government accepts the mediation offered by the United States in the matter of the boundary dispute between Guatemala and Honduras, and requesting that I recommend to the Government of Honduras that, as a step preliminary to the arbitration, the protocol

recently signed by representatives of Guatemala and Honduras be made effective.

In reply I have the honor to inform you that the Department is giving the contents of your note earnest consideration, and would be glad to receive a copy of the protocol referred to, in order to inform itself as to its terms.

Accept [etc.]

FRANK L. POLK

File No. 714.1515/32

The Acting Secretary of State to the Special Mission of Guatemala

DEPARTMENT OF STATE,
Washington, November 17, 1917.

EXCELLENCIES: I have the honor to acknowledge the receipt of your note, in which you request that, in order to carry into effect the mediation of the United States in the boundary dispute between Guatemala and Honduras, the good offices of this Government be used with the Government of Honduras to the end that the most recent treaty concluded at Tegucigalpa by your Government with that of Honduras be put in force.

In reply I have the honor to say that your note is having most earnest consideration.

Accept [etc.]

FRANK L. POLK

File No. 714.1515/38

The Minister of Guatemala to the Secretary of State

LEGATION OF GUATEMALA,
Washington, December 5, 1917.

EXCELLENCY: Referring to your excellency's esteemed note of the 16th of November last and to my note of the 19th of the same month, I have the honor to enclose to your excellency a copy of the protocol which was recently signed by the representatives of the Governments of Guatemala and Honduras in Tegucigalpa, about the matter of the boundary dispute between the two countries.

As the National Assembly of Honduras will open its ordinary session in January and the one of Guatemala in March, if your excellency would be good enough to recommend, as requested by me in my note, that the protocol be made effective as soon as possible, an important step will undoubtedly have been carried out to maintain the friendly relations between the two countries.

Thanking your excellency beforehand for anything that your excellency may kindly do in the matter, I avail [etc.]

JOAQUÍN MÉNDEZ

[Inclosure—Translation]

PRELIMINARY ARRANGEMENT

The Governments of Guatemala and Honduras, desirous of making an end of the boundary disputes between their respective countries by means of an equitable and just arrangement, satisfactory to both parties and such as will remove any ground of divergence that might disturb the fraternal relations which must exist between them, have authorized their representatives, to wit:

The Government of Guatemala, the most excellent Señor don Víctor Sánchez Ocaña, its present Envoy Extraordinary and Minister Plenipotentiary near the Government of this Republic, and the Government of Honduras, Señor Doctor don Mariano Vásquez, its present Minister of Foreign Relations, to sign the following arrangement:

I

The Governments of Guatemala and Honduras, with the above-indicated purpose will sign a diplomatic agreement subject to ratification by their respective Legislatures, in which, on the basis of authentic documents establishing the territorial rights of the one and the other party, the proven antecedents, the system of compensations and as far as practicable the adoption of natural boundaries, a final end be made of the boundary dispute and as a consequence the marking of the dividing line between the two countries be provided, the stones or monuments that are to mark the dividing line being erected after approval of the treaty by a joint commission of two engineers appointed by each party.

II

In order to bring about the convention and settlement that are sought, in concluding the treaty, hearings may be given to the commission of engineers of each one of the contracting Governments composed of the chief engineer of each commission, the assistant engineer and a counsel, it being understood that the aforesaid persons will fill every requirement of technical and historical competence, honorability and impartiality.

III

The meeting of the Plenipotentiaries who will draw up the contemplated treaty will take place in this capital before the last day of December next or on such other date as may be agreed upon by the two Governments of Guatemala and Honduras.

IV

Pending the signature and ratification of the contemplated treaty, the Governments of Guatemala and Honduras will endeavor to shun any cause of dispute between them on account of their territorial bounds and will maintain through their lower authorities the respect of their respective jurisdiction.

V

It is understood that for any reason whatsoever the contemplated treaty should not be concluded or ratified by the respective Legislatures of Guatemala and Honduras, the Boundary Convention signed by the two Republics on August 1, 1914, will continue in full force and effect.

In faith whereof they sign the present preliminary arrangement in duplicate at Tegucigalpa, this 20th day of September 1917 and affix their respective seals thereto.

VÍCTOR SÁNCHEZ O.
MARIANO VÁSQUEZ

File No. 714.1515/54

Minister Ewing to the Secretary of State

[Extract]

No. 364

AMERICAN LEGATION,
Tegucigalpa, December 10, 1917.

SIR: I have the honor to comply with the Department's cabled instruction of December 8, 5 p. m.,¹ to forward by pouch a copy, with translation, of the boundary convention between Guatemala and Honduras signed August 1, 1914, by both countries. * * *

I have [etc.]

JNO. EWING

¹Not printed.

[Inclosure—Translation]

FRANCISCO BERTRAND, CONSTITUTIONAL PRESIDENT OF THE REPUBLIC OF
HONDURAS

Whereas: On the first day of August, 1914, was concluded and signed in the City of Guatemala by means of duly authorized Plenipotentiaries a Convention of Limits between the Republic of Honduras and the Republic of Guatemala, composed of a preamble and sixteen articles, whose text is the following:

CONVENTION OF LIMITS BETWEEN HONDURAS AND GUATEMALA

The Governments of the Republics of Honduras and Guatemala, desirous to establish in a definite manner the demarcation of the dividing limits between both countries, which till the present it has not been able to accomplish, and which gives occasion for difficulties which common interests make important to remove, and also desirous that the said matter shall be resolved to the satisfaction of both parties with all cordiality and with deference due sister nations, neighbors and friends, have believed it convenient to celebrate a convention which fulfills those aspirations, and to that end have named their respective Plenipotentiaries: His Excellency the President of the Republic of Honduras naming Attorney don Guillermo Campos, Minister Resident of his Government near the Government of Guatemala; and His Excellency the President of the Republic of Guatemala naming Doctor don Luis Toledo Herrarte, his Secretary of State in the Department of Foreign Relations; who, having examined their respective full powers and found them in good and due form, have convened in the following articles:

ARTICLE I

The Governments of Honduras and Guatemala shall name a mixed technical commission, composed of an equal number of members for each party encharged to study all of the antecedents, documents and data which exist regarding the boundary between both Republics.

ARTICLE II

As soon as the said commission shall be organized, it shall begin its studies; it is empowered to make on the frontier territory all investigations, operations and labors; having as its meeting place the city of Ocotepeque.

ARTICLE III

The commission shall consign the result of its studies and observations in detailed minutes, which shall be inscribed in a book which, for that purpose, must be carried on in duplicate. If upon one or several of the points occupying the commission its members cannot agree, they shall record such disagreement in the respective minutes, each one explaining the basis for his opinion; and this done, they shall continue the study of the remaining points until the conclusion of their task.

ARTICLE IV

When the commission finishes its work, it shall send the books of minutes to the respective Governments, and it shall propose to them the means, which, in its judgment, should be adopted to celebrate a treaty definitely fixing the limits between both Republics, accompanied by a map upon which shall appear traced the dividing line which the commission may judge ought to mark the boundary, according to the results of its studies.

ARTICLE V

In view of the bases which the commission proposes, the contracting Governments shall proceed to discuss them and to define in a treaty the limits between Honduras and Guatemala. To this end, both Governments shall name their representatives, who shall unite to fulfill their mission in Guatemala or in Tegucigalpa, no later than sixty days after the conclusion of the labors of the mixed commission.

ARTICLE VI

To make the resolutions in the case, the contracting Governments, after the mixed commission has presented the result of its labors, shall take into account: The observations and studies of that commission; the demarcation lines in public documents not contradicted by others of the same kind and of greater force, giving to each one the value due it according to its antiquity and legal efficacy; the comprehension of the territory which comprised the ancient provinces of Honduras and Guatemala at the date of their independence; the dispositions of the Royal Statute of Intendents then in force; and, in general, all documents, maps, plans, etc., which tend to the uncovering of the truth, giving preference to those which by their nature ought to have more force by reason of age, being clearer, more just and impartial, or founded on any other reason, following the principles of justice. To possession shall be given value only in so far as it may be found just, legitimate and founded, conforming to the general principles of right and to the laws of justice which over that particular are sanctioned by the rights of mankind.

ARTICLE VII

To arrive at the establishment of a dividing line between Honduras and Guatemala, the respective Governments may, should they believe it necessary or convenient, adopt the system of equitable compensations, heeding the laws and usages established in international practice.

ARTICLE VIII

Once definitely determined by the High Parties by treaty the dividing line between both Republics, it is established from now that national properties which may lie on one side or the other shall belong, respectively, to the Republics in whose territory they are found to be included; and that private properties which exist legitimately titled with priority to the present convention, must be respected as they deserve, and shall enjoy all the guaranties which the Constitution and the laws of each of the countries establish for its nationals, to which laws the said properties shall be subject in full.

ARTICLE IX

If the Governments shall not be able to agree in one or several of the points under discussion, they consent to submit its decision to an arbiter, who shall be the President of the United States of America.

The naming of the arbiter must be done at the latest within sixty days from the publication by the official periodical of the note in which one of the contracting Governments requests of the other the said naming.

ARTICLE X

In case of the unwillingness or inability of the President of the United States of America, the point or points under discussion shall be submitted to the decision of the President of the French Republic; and should this fail, to that of the President of the Republic of Chile; and if this high functionary is not able to accept, to that of whichever of the Presidents of the Republics of South America may be agreed upon by the chancelleries of both countries.

ARTICLE XI

The proceedings and terms to which the arbitral judgment shall devote itself shall be the following:

1. Within sixty days from the date upon which the two High Parties were notified of the acceptance by the arbiter they shall present to him their allegations, plans, maps and documents.

2. The arbiter shall communicate to the representative of each Government the allegation of the other within eight days following its presentation.

3. Each Government shall have the right to refute the allegation of the opposed party within ninety days following the date upon which such allegation was communicated, and with both refutations there may be presented, also, documents, plans and maps.

4. The arbiter shall pronounce his verdict within one hundred eighty days following the date upon which the allegations should have been answered, no matter whether such answers were presented or not.

5. The arbiter may delegate his functions for the procedure and study of the matter; but he must hand down directly and personally the definite sentence.

ARTICLE XII

The arbiter's finding, whatever it may be, shall be held as the perfected treaty, obligatory and perpetual, between the high contracting parties, and there shall be no recourse against him.

ARTICLE XIII

The present convention shall be submitted in Honduras and in Guatemala to the constitutional ratifications of law, and the exchange of these shall take place in Guatemala or in Tegucigalpa within sixty days following the date on which both Governments may have complied with what is stipulated in this article.

ARTICLE XIV

The provisions of the previous article do not prevent in any manner the immediate organization of the mixed commission, which must begin its studies, at the latest, two months after the ultimate ratification, in conformity with what is provided in the present convention, without prejudice should they begin before the ratifications, if these are delayed, to take advantage of the dry or summer season for the field work.

ARTICLE XV

None of the time limits in this treaty shall have a character to be regarded as indispensable, nor to provide ground [for] nullification of any kind.

The purpose for which they are fixed is to give precision to the work; but if for any cause they shall not be sufficient for their object, it is the will of the High Parties treating that the negotiations shall be carried forward to its termination in the form stipulated, which is the one they believe most convenient. To this end they consent that the present convention shall have force for ten years, during which term it may not be reversed nor modified in any manner, excepting stipulations to the contrary, neither shall the question of limits be adjusted by other means.

ARTICLE XVI

The High Contracting Parties declare that they recognize as valid the labors executed until this date by the mixed commission of limits, by virtue of and in agreement with the convention signed in this city March 1, 1895 by the Plenipotentiaries of both nations.

By virtue of which, the Plenipotentiaries of Honduras and Guatemala sign the present convention, in two copies of the same tenor, and who affix their respective seals in the city of Guatemala the first of August, nineteen hundred fourteen.

[SEAL]
[SEAL]

GUILLERMO CAMPOS
LUIS TOLEDO HERRARTE

And whereas: The National Congress of the Republic by Decree No. 40 issued January 29 of the present year of 1915, approved and the Executive Power sanctioned the mentioned convention.

Therefore: By virtue of Article XIII of the said convention, and that it may be complied with and observed as law of the Republic, I extend the present instrument of ratification, signed with my hand, sealed with the Great Seal of the Republic and countersigned by the Secretary of State in the Department of Foreign Relations, in Tegucigalpa, this February twelfth, nineteen hundred fifteen.

File No. 714.1515/39

The Secretary of State to Minister Leavell

[Telegram]

DEPARTMENT OF STATE,
Washington, December 11, 1917, 4 p. m.

Department informed by Legation at Tegucigalpa to the following effect: I am informed by Foreign Minister that in the neighborhood of Amoa [Omoa] there have arrived Guatemalan forces numbering

fifty, Manuel Calderon in command. Some soldiers have already crossed near Gimerito. When questioned by Honduran officials, commander Guatemalan forces stated he was bearing out instructions from Guatemalan Government that the first established camps of Cuyamel Fruit Company in Honduran territory should be patrolled. In view of the fact that boundary question has been submitted for mediation, President has directed Commandant Diaz Zelaya at Amoa to make no opposition to Guatemalan forces.

Bring this report to attention Guatemalan Government saying that Government of United States hesitates to give credence to this rumor which if true would appear to be an attempt on the part of Guatemala to alter the *status quo* boundary question, adding that the most scrupulous good faith on the part of both Governments in this connection is necessary for obvious reasons. Report results by cable.

LANSING

File No. 714.1515/41

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Tegucigalpa, December 12, 1917, 4 p. m.

My December 12, noon. Later information to the effect that Guatemalan troops have crossed creek, advanced to the end of Cuyamel Railroad, entrenched there and constructed quarters. Location these troops two miles on Honduran side of Motagua River, further construction Cuyamel Railroad thus impeded.

EWING

File No. 714.1515/42

The Secretary of State to Minister Leavell

[Telegram—Extract]

DEPARTMENT OF STATE,

Washington, December 13, 1917, 6 p. m.

Department's November 11, 4 p. m. American Consul at Puerto Cortez reports from personal inspection that he has found a body of fifty-seven Guatemalan troops camped at the end of the Cuyamel Railroad, also fifty more soldiers at Sinchado.

Point out to the Guatemalan Government that such military movements do not coincide with the understood purpose and accepted good faith of the Government of Guatemala when the Government of the United States was requested to mediate the boundary dispute between the Republics of Honduras and Guatemala. Such action is likewise in violation of Article IV of the protocol entered into by the respective Governments September 17, 1917.

LANSING

File No. 714.1515/43

Minister Leavell to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Guatemala, December 16, 1917, 10 a. m.

Your December 14 [13], 6 p. m. and my confidential despatch of 12 November last No. 431. My interview with the President of Guatemala yesterday afternoon which continued for more than hour and a half and resulted in the following:

1. President Cabrera says that he did not disturb the *status quo* in the disputed territory but that it was done by the Honduran Government backing up the Cuyamel Fruit Company in its aggressions on land conceded by Guatemala to other companies a long time ago, which aggressions he had stopped by the presence of a few soldiers.

2. That he could not agree to make the Motagua River a provisional boundary line pending the adjustment of the dispute because that would be putting into the power of Honduras about all she claims and would be distinctly understood to be a definite disadvantage to Guatemala and that however good the intention was, the very fact that such a provisional boundary line had been agreed upon would by necessity work to the prejudice of Guatemala and to the advantage of Honduras.

3. That a fairer provisional boundary line pending the adjustment of the dispute would be the crest of the Merendén mountain range because the claims of Guatemala reach a considerable distance beyond that range, but he would not ask for that.

4. In order to prevent any possible suspicion of his readiness to agree to any reasonable provisional arrangement he would make the proposal that the disputed territory lying between the Merendén mountains and the Motagua River be made neutral provisionally for a while, that both Guatemala and Honduras withdraw from that territory all their troops, thus preventing any probability of a collision, and that each of the two Governments retain there two commissioners to keep them advised of any violation of the agreement by either of them. He added that in order not to give advantage to any one the Cuyamel Company should be required not to extend their railroad any further in the disputed territory pending further adjustment of the dispute.

LEAVELL

File No. 714.1515/44

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Tegucigalpa, December 17, 1917, 5 p. m.

Private secretary, President, called Legation to-day authorized by President to discuss presence more Guatemalan troops on Honduran territory. He presented copies of two telegrams to President reporting increased activity Amates where six hundred Guatemalan soldiers are located and constructing camps along border. Advices from Omoa indicate presence four hundred on Guatemalan territory up as far as Tenedores River. President's secretary stated, in compliance with suggestion of United States, Honduras was avoiding conflict with Guatemala and understood boundary dispute was to remain *in statu quo* until its mediation. Further stated Guatemala is obviously attempting to maneuver into position of possessing certain Honduran territory before boundary dispute mediated, thus holding unfair advantage. He desired the United States be informed that Honduras cannot remain inactive much longer witnessing day after day her territory invaded. The President hopes that in the interest of justice the United States will be moved to reaffirm its

former attitude. Insisted that Guatemalan soldiers remain on the west side Motagua River until boundary dispute is settled permanently. President anxiously awaiting a reply to this cablegram.

EWING

File No. 714.1515/43

The Secretary of State to Chargé Thurston

[Telegram]

DEPARTMENT OF STATE,
Washington, December 22, 1917, 7 p. m.

Your December 16, 10 a. m. Honduras claims far to the north of the Motagua River. Guatemala claims far to the south of this same river. The United States Government does not pretend to make any decision as to the justice of either claim. However, in view of the mutual requests of both the Guatemalan and Honduran Governments that the Government of the United States lend its good offices in an effort to bring to a final end the boundary dispute, this Government cannot but feel that the massing of Guatemalan troops south of the Motagua River is an act calculated to produce friction, as well as an infraction of the spirit of Article IV of the Protocol of September 17, 1917, concluded between the Guatemalan and Honduran Governments.

With special reference to articles 3 and 4 of your December 16, 10 a. m., the Department of State feels that, pending a definite arbitral settlement of the boundary question, the Governments of Guatemala and Honduras should both withdraw all troops from the disputed territory lying between the Merendén mountains and the Motagua River as suggested by President Cabrera.

The United States Government has inquired of the Government of Honduras if such a temporary arrangement would be agreeable to it.

With reference to certain concessions in this disputed territory it seems pertinent to point out that questions of concessionary rights in the disputed territory should not be discussed in a pure question international boundary.

LANSING

File No. 714.1515/45a

The Secretary of State to Minister Ewing

[Telegram]

DEPARTMENT OF STATE,
Washington, December 22, 1917, 7 p. m.

Inquire whether pending a definite arbitral boundary decision the Government of Honduras would be prepared to withdraw all her troops to the south and east of the Merendén mountains on condition that the Government of Guatemala would likewise withdraw all her troops to the north and west of the Motagua River. The zone lying between these boundaries to be regarded by both Republics as neutral and neither Government to have armed forces therein.

Report by cable.

LANSING

File No. 714.15155/45b

The Secretary of State to Minister Ewing²

[Telegram]

DEPARTMENT OF STATE,
Washington, December 22, 1917, 7 p. m.

In pursuance of the earnest desire of the Government of United States to facilitate and expedite by its friendly good offices the settlement of the boundary question existing between the Government of Guatemala and Honduras respectively, the Government of the United States proposes that the Governments of Guatemala and Honduras sign a boundary arbitration treaty, subject to the ratification of their respective legislatures, as outlined and agreed upon in Article I of the Protocol signed by the representatives of Guatemala and Honduras on September 17, 1917.

In formally presenting this question to the Government to which you are accredited, you will urge prompt consideration, keeping Department informed by cable.

LANSING

File No. 714.1515/46

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Tegucigalpa, December 24, 1917, 3 p. m.

Department's December 22, 7 p. m. regarding establishment neutral zone. This morning Foreign Minister, on the part of Honduras, accepts proposition withdraw all troops to south and east of Merendén mountains provided Guatemala withdraws all of her troops north and west of the Motagua River, reserving the right to maintain very small police guard for maintenance of order. Plantations Cuyamel Fruit Company realize the concession obligates foreign loan. Further G. states Guatemalan envoy Sanchez Ocaña en route Honduras to treat diplomatically regarding boundary disputes but that Honduras considers herself formally bound to proceed with United States as mediator dispute and cannot treat separately with Guatemala. Foreign Minister will address formal note covering question immediately. Department will be kept informed.

EWING

File No. 714.1515/47

Chargé Thurston to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Guatemala, December 24, 1917, 11 p. m.

Department's two cablegrams identical date of December 22, 7 p. m. arrived this morning. All Government machinery stopped for the holidays but succeeded in obtaining interview with the Minister for Foreign Affairs this afternoon.

The Minister for Foreign Affairs states that he is not aware that Guatemalan troops are being massed south of Motagua River. Mr.

²The same to the American Legation at Guatemala City.

Morley arrived on to-night's train, having just left the disputed territory. He states that the situation is but little changed since my visit as regards advances of troops but that there are now approximately 175 Guatemalan troops in the neighborhood of Sinchado and that they are cutting a new trail from that point to the Cuyamel Railroad which it will intersect six kilometers west of Gimerito.

With reference to the proposal that the Governments of Guatemala and Honduras should sign a boundary arbitration treaty the Minister for Foreign Affairs could not see the appropriateness of the word "arbitration" which is not used in the first article of the protocol signed September 17, 1917. He stated, however, that a diplomatic convention will be signed if the special mission composed of Minister Plenipotentiary, a lawyer and two engineers and four technical secretaries now *en route* to Honduras is successful. This is in strict observance of Articles II and III of the protocol. Article V of the protocol states that should this treaty not materialize or fail to be ratified by the respective legislatures the boundary treaty of August 1, 1914, will be revived. The mission is not empowered to deliver any ultimatum to Honduras.

The point was conceded that questions of concession rights to the disputed territory should not be discussed in a question of international boundary.

In view of the fact that the Minister for Foreign Affairs did not feel disposed to commit himself when I submitted to him the Department's feeling that President Cabrera's suggestion that the Governments of Guatemala and Honduras should both withdraw all troops from the disputed territory be carried out, and likewise in view of the fact that both the disputing parties are engaged in constructive labors (the Hondurans permitting if not urging the pushing forward of the Cuyamel Railroad and the Guatemalan Government building trails to intersect this railroad and thus preventing its operation) which may at any moment bring them into contact, does not the Department deem it advisable to authorize the Legation at Tegucigalpa and myself to energetically urge upon the two Governments the propriety of promptly withdrawing their troops from this disputed territory? From a personal knowledge of the topography of this region, I venture to suggest that the following distribution of the three disturbing elements in the situation pending the outcome of the negotiations at Tegucigalpa be considered: The Guatemalan forces to remain at Sinchado or Tenedores suspending all military operations; the Honduran forces to retire to Cuyamel town or Omoa and the Cuyamel Fruit Company to cease its advance into this disputed territory and confine itself to that portion of its holdings between its Colon farm and Omoa.

THURSTON

File No. 714.1515/48

The Minister of Guatemala to the Secretary of State

LEGATION OF GUATEMALA,
Washington, December 24, 1917.

EXCELLENCY: I have the honor to inform your excellency that I received to-day a cablegram from the Minister of Foreign Affairs of Guatemala, requesting me to communicate to your excellency that Messrs. Victor Sánchez Ocaña, Licenciado Marcial Prem, and Engi-

neers Felipe Rodriguez, Lisandro Sandoval and Florencio Santizo, who form the mission established by the protocol signed in Tegucigalpa on the 20th of September 1917, for the friendly arrangement of the boundary question between Guatemala and Honduras, sailed for Honduras on the day before.

My Government, desiring always to maintain the best relations with the Government of Honduras, has hastened to send with pleasure the mission above mentioned, thus carrying out at once that which is agreed to in the protocol of Tegucigalpa, of which I had the honor to send a copy to your excellency with my note referring to the matter; and once again I beg your excellency to recommend to the Government of Honduras, now that our mission is already in Tegucigalpa, that the conditions of the protocol be carried out, and in so doing your excellency will again make use of that friendly mediation which your excellency has so kindly promised to us in the prompt arrangement of the matter.

I beg to renew to your excellency the most expressive thanks on the part of my Government, and avail [etc.]

JOAQUÍN MÉNDEZ

File No. 714.1515/49

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Tegucigalpa, December 27, 1917, 2 p. m.

Legation's December 24, 3 p. m. Answering Department's December 22, 7 p. m. Foreign Minister requested conference President yesterday at which developed Honduras unwilling withdraw troops south and east Merendén mountains. Honduras considers such withdrawal forces would tend to create neutral zone entirely within her territory. Suggests withdrawal Guatemalan troops north and west Motagua River, said river to constitute neutral zone, pending settlement boundary disputed. Government promises formal note, text of which will be transmitted Department immediately.

EWING

File No. 714.1515/46

The Secretary of State to Chargé Thurston

[Telegram]

DEPARTMENT OF STATE,
Washington, December 28, 1917, 10 a. m.

Department's December 22, 7 p. m. Honduran Government accepts neutral zone and will withdraw all troops south and east of Merendén mountains upon Guatemala withdrawing hers north and east of the Motagua River, reserving right to maintain very small number police. Urge Guatemala to accept at once and troops to be mutually withdrawn by January 1, 1918. Also press for answer to boundary arbitration treaty.

LANSING

File No. 714.1515/46

The Secretary of State to Minister Ewing

[Telegrams]

DEPARTMENT OF STATE,
Washington, December 29, 1917, 3 p. m.

Your December 24, 3 p. m. Reply of Honduras in regard to withdrawal of troops has been brought to attention of Government of Guatemala. You will be advised when an answer is received from that Government.

You may so inform Minister for Foreign Affairs stating to him that this Government fails to understand the position of the Government of Honduras as set forth by him in his statement that it did not feel at liberty to treat separately with Government of Guatemala as it considers itself bound to proceed with United States as mediator. You will emphasize to him the fact that the proffer of mediation and good offices on the part of this Government was made with a view to facilitating the direct negotiations between the two Governments.

LANSING

File No. 714.1515/49

DEPARTMENT OF STATE,
Washington, December 29, 1917, 6 p. m.

Your December 24, 3 p. m. and December 27, 2 p. m. Department does not understand the absolutely conflicting statements of above telegrams. Information conveyed by your December 24, 3 p. m. was transmitted to the Guatemalan Government and the Department at the same time recommended that in view of Honduras' acceptance of this plan the United States would be pleased could this mutual withdrawal be consummated by January 1, 1918.

Awaiting a further and more complete report upon what the final decision of Honduran Government may be, as well as how this discrepancy arose; Department will take no further steps in the matter.

LANSING

File No. 714.1515/53

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Tegucigalpa, December 31, 1917, 5 p. m.

Department's December 29, 6 p. m. Foreign Minister 24th verbally accepted proposition establishment neutral zone as suggested Department's December 22, 7 p. m., requesting Legation cable Department to this effect. President later refused to sanction, claiming this would be establishment neutral zone entirely within Honduran territory. Honduras in note of 29th obligates itself to maintain no military forces within strip of territory between right margin Motagua River and four kilometers south and east said river provided Guatemala observes similar zone other side of river; this arrangement not to prejudice any rights Honduras may have to

north and west of Motagua nor prevent exercise jurisdiction south and east river, this proposition purpose of avoiding conflict. Further, said zone shall be understood neutral to the effect only neither Honduras Guatemala maintain military forces therein for boundary matters pending definite settlement. Legation despatch No. 577 explanatory.

EWING

File No. 714.1515/66

Minister Ewing to the Secretary of State

No. 576

AMERICAN LEGATION,
Tegucigalpa, December 31, 1917.

SIR: I have the honor to refer to the Department's cablegram of December 22, 7 p. m., instructing me to inform the Government of Honduras that in pursuance of the earnest desire of the Government of the United States to facilitate and expedite by its friendly good offices the settlement of the boundary question existing between Guatemala and Honduras respectively that these Governments submit the question for a boundary arbitration treaty subject to ratification of their respective legislatures, as outlined and agreed upon in Article V of the Protocol signed by the representatives of Guatemala and Honduras on September 20, 1917.

In compliance with this instruction I immediately approached the Government of Honduras on the subject, addressing a formal note dated December 26 to the Minister of Foreign Relations.

The Government of Honduras, through its Minister of Foreign Relations, replied to this communication under date of December 28, embodying in its reply the text of my note of the 26th instant, and further stating that Honduras accepts immediately the proposition that the question of limits between the two Governments be submitted to arbitration in conformity with the suggestion of the Government of the United States.

The Government of Honduras further states that it does not doubt but that Guatemala will also accept, with good will, the friendly suggestion of the Government of the United States and in the meantime it will await notification of such acceptance, abstaining in the meantime from signing any boundary agreement with Mr. Victor Sanchez Ocaña, representing the Government of Guatemala now in this capital.

The Government of Honduras having accepted formally the tender of mediation on the part of the Government of the United States feels obligated to abide by this acceptance and considers that the entire boundary dispute between the Governments is to be submitted to mediation with the Government of the United States as mediator. This question has been gone into fully with the President and the Foreign Minister and they are anxious that the dispute be settled in this manner rather than by direct negotiations with Guatemala. As this dispute is of long standing and numerous attempts to settle it by direct negotiations between the interested Governments have previously failed, the Government of Honduras looks to the Government of the United States to conduct the negotiations with the hope of definitely settling the entire question.

I have the honor to attach hereto copies of my note to the Foreign Office under date of December 26, together with the reply of the Government of Honduras under date of December 28, 1917, the latter being accompanied by its translation into English.

I have [etc.]

JNO. EWING

[Inclosure 1]

Minister Ewing to the Minister of Foreign Relations

AMERICAN LEGATION,
Tegucigalpa, December 26, 1917.

EXCELLENCY: Acting upon cablegraphic instructions from my Government dated December 22, I have the honor to bring to the attention of your excellency the following suggestion:

In pursuance of the earnest desire on the part of the Government of the United States and to facilitate and expedite by its friendly good offices the settlement of the boundary dispute existing between your excellency's Government and the Government of Guatemala, the Government of the United States proposes that the Governments of Honduras and Guatemala submit this question to a boundary arbitration treaty, subject for ratification of their respective legislatures, as outlined and agreed upon in Article V of the Protocol signed by representatives of Honduras and Guatemala on September 20, 1917.

I am further instructed by my Government to urge prompt consideration of this question and will appreciate an answer so that I may immediately cable the desires of your excellency's Government in the premises

I improve [etc.]

JNO. EWING

[Inclosure 2—Translation]

The Minister of Foreign Relations to Minister Ewing

MINISTRY OF FOREIGN RELATIONS,
Tegucigalpa, December 28, 1917.

MR. MINISTER: I have had the honor to receive the courteous note of your excellency, dated the 26th of the present month, by means of which my Government is informed that the Government of the United States, in the desire to facilitate and accelerate by means of its friendly good offices, the settlement of the question of limits which exists between this Government and that of Guatemala, proposes that the Governments of Honduras and Guatemala submit the question to a treaty of arbitration of boundaries, subject to ratification by their respective legislatures as was agreed upon in Article V of the Protocol signed by the representatives of Honduras and Guatemala the 20th of September, last.

In reply, I am pleased to make known to your excellency that the Government of Honduras accepts immediately that the question of limits with Guatemala be submitted to arbitration in conformity with the suggestion of the Government of your excellency.

This Government does not doubt that that of Guatemala will accept, also, with good will, the friendly suggestion of the Government of your excellency, and with such understanding it will await notification of such acceptance, abstaining in the meantime from signing any boundary agreement with Mr. Victor Sanchez Ocaña, representative of the Government of Guatemala, who, as your excellency knows, has just arrived in this capital with the object of discussing a boundary treaty as provided for in the preliminary agreement of September 20, of which your excellency has knowledge.

Begging that if your excellency thinks well, what is expressed in the foregoing may be transmitted to the Government of the United States, I am pleased to repeat the assurances of my most distinguished consideration.

MARIANO VÁSQUEZ

File No. 714.1515/65

Minister Ewing to the Secretary of State

No. 577

AMERICAN LEGATION,
Tegucigalpa, December 31, 1917.

SIR: I have the honor to refer to Department's cable dated December 22, 7 p. m. instructing me to inquire whether, pending definite arbitral boundary decision, the Government of Honduras would be prepared to withdraw all troops to the south and east of the Merendén mountains provided the Government of Guatemala withdraws all of her troops to the north and west of the Motagua River thus establishing a neutral zone to be so regarded by both countries.

Upon receipt of this instruction I called upon the Minister for Foreign Affairs accompanied by the secretary and clerk of the Legation on the morning of the 24th inst. This suggestion was submitted to the Foreign Minister and the matter thoroughly discussed. The Foreign Minister stated that Guatemala had an envoy, Doctor Sanchez Ocaña, en route to Tegucigalpa to undertake to arrange diplomatically the boundary dispute between the Governments of Honduras and Guatemala but the Government of Honduras considered that inasmuch as the entire dispute had been formally submitted to the United States for mediation it was bound to proceed with mediation with the Government of the United States as mediator and that his Government would not engage directly with the Guatemalan diplomatic envoy.

The question of the withdrawal of Honduran troops to the south and east of the Merendén mountains was discussed and it is the undivided opinion of myself, the secretary and the clerk of the Legation, that the Foreign Minister requested of the Legation that it cable the Department of State agreeing to this withdrawal of troops provided Guatemala withdrew her forces to the north and west of the Motagua River. The Foreign Minister produced a map of the territory in dispute and this was gone over carefully and the location of the neutral zone pointed out. Furthermore, the Foreign Minister brought up the question of protection to the plantations of the Cuyamel Fruit Company and whether or not Honduras would be permitted to maintain a small police guard on these plantations as stipulated in the concession with this company. It was suggested to the Foreign Minister that this request could be embodied in the cable of acceptance of the proposition of the withdrawal of the troops which was done and included in my cable of December 24, 3 p. m. The Foreign Minister stated that he would also address a note on the subject and he was assured that the Legation would likewise address the Government of Honduras on the question.

In this connection I have the honor to state that the Foreign Minister on the afternoon of the same day sent for the clerk of the Legation, Mr. Brown, and stated to him that his, the Foreign Minister's, action with regard to this matter, was not to be taken decisively until a formal note had been addressed to the Legation. In other words, at the morning conference it was thoroughly understood by all

parties to the conference that the Foreign Minister accepted the proposition of the withdrawal of the Honduran forces and he so requested that the Legation cable Washington to this effect. This change of decision was no doubt brought about by a conference the Foreign Minister had with the President on the same subject.

The afternoon of the 26th inst., I visited the President in company with the Foreign Minister, the secretary and clerk of the Legation and the entire question was again gone into thoroughly. At this conference it developed that the President was unwilling to agree to a withdrawal of Honduran troops and the creation of a neutral zone which would be entirely within the territory of Honduras. The President suggested the consideration of the Motagua River as the neutral zone with the withdrawal of the Guatemalan forces to the north and west of this river. He stated that if he attempted to establish the neutral zone as suggested in the communication of the Government of the United States that he could not explain his action to the people of Honduras. It was pointed out to the President and his Foreign Minister that at the time Honduras was not maintaining troops in this territory but that Guatemala had established camps and were gradually encroaching more and more upon Honduran territory and that this seemed an excellent opportunity to secure the removal of Guatemalan forces to the north and west of the Motagua River. Both the President and the Foreign Minister were firm in their attitude and maintained that if a neutral zone were to be established it should be the Motagua River.

In this connection I have the honor to refer to Department's cable of December 29, 6 p. m. with regard to the conflicting statements cabled to the Department in my December 24 and 27. It will be seen that the difficulty arose through the fact that the Foreign Minister in his interview with me on the morning of the 24th inst., accepted the proposition as suggested by the Government of the United States and later after conference with the President found it necessary to reverse his decision in the matter.

I have the honor to attach hereto copy of my note to the Foreign Office on the matter dated the 26th instant together with the reply of the Honduran Government under date of December 28.

In this note the Government of Honduras obligates itself to place no military forces within the strip contained between the right margin of the Motagua River and four kilometers to the south and to the east of the said river provided the Government of Guatemala obligates itself, reciprocally, to place no military forces within a distance equal to four kilometers to the north and west from the left margin of the Motagua River. It is to be understood that this arrangement shall not prejudice the rights which Honduras may have to the north and to the west of the River Motagua, nor prevent the exercise of its jurisdiction in the zone to the south and east of the Motagua River, inasmuch as the only object which this arrangement seeks is to avoid collisions between the military forces of Honduras and Guatemala, which might involve the peace of both States.

I have [etc.]

JNO. EWING

[Inclosure 1]

*Minister Ewing to the Minister of Foreign Relations*AMERICAN LEGATION,
Tegucigalpa, December 26, 1917.

EXCELLENCY: In compliance with cablegraphic instructions from my Government dated December 23, I was instructed to inquire of your excellency's Government, whether, pending a definite arbitral decision, it would be prepared to withdraw all its troops to the south and east of the Merendén mountains on condition that the Government of Guatemala would likewise withdraw all her forces to the north and west of the Motagua River.

It would be understood this action on the part of the Governments of Honduras and Guatemala would create a neutral zone lying between these boundaries, said zone to be regarded by both Republics as neutral and neither Government to have armed forces thereon.

I have the honor to refer to a conference held with your excellency on the morning of the 24th instant, at which time this proposition was thoroughly discussed and your excellency requested that I transmit to my Government a cable stating that Honduras would withdraw all troops south and east of the Merendén mountains provided Guatemala withdraws all her troops north and west of the Motagua River only reserving the right to maintain a small police guard for the maintenance of order on the plantations of the Cuyamel Fruit Company as is stipulated in the concession between that company and your excellency's Government.

Your excellency will possibly recall the conversation with regard to the expected visit of the Guatemalan envoy, who, according to your excellency's statement, is coming to treat separately with Honduras on the question of the boundary dispute. At that time your excellency stated inasmuch as the entire boundary dispute had been submitted formally to the Government of the United States for mediation that Honduras would be unable to treat separately with Guatemala.

In compliance with your excellency's request this information was immediately cabled to my Government and it, no doubt, considers your excellency's Government as having agreed to a withdrawal of its forces to the south and east of the Merendén mountains provided Guatemala withdraws all of her forces to the north and west of the Motagua River, the zone lying between to be considered as neutral territory pending a definite arbitral decision of the entire question.

I have the honor to request of your excellency a reply to this note in order that I may immediately inform my Government of the desires of your excellency's Government as regards this suggestion.

I improve [etc.]

JNO. EWING

[Inclosure 2—Translation]

*The Minister of Foreign Relations to Minister Ewing*MINISTRY OF FOREIGN RELATIONS,
Tegucigalpa, December 28, 1917.

MR. MINISTER: I have taken counsel with the Honorable President of the Republic regarding the courteous note of your excellency dated the 26th of the current month in which, in the name of your Government, you are pleased to ask if this Government will be disposed, pending a definite arbitral solution of the question of limits with Guatemala, to retire its troops to the south and east of the Merendén mountains, on condition that the Government of Guatemala will retire in like manner all its forces to the north and east of the River Motagua.

The Honorable President has given me instructions to reply in the following terms:

The Government of Honduras in deference to the desires expressed by the Government of the United States and to the end to contribute its part toward the maintenance of good harmony with the Government of Guatemala, accepts in the following terms the proposition made to it through the American Legation.

Until it is definitely resolved the question of limits between Honduras and Guatemala, the Government of Honduras obligates itself to place no military

forces within the strip contained between the right margin of the Motagua River and four kilometers to the south and to the east of the said river, provided that the Government of Guatemala obligates itself, reciprocally, to place no military forces within a distance equal to four kilometers to the north and west from the left margin of the said River Motagua, it being understood that this arrangement shall not prejudice the rights which Honduras may have to the north and to the west of the River Motagua, nor prevent the exercise of its jurisdiction in the zone to the south and east of the Motagua, since the only object which this arrangement seeks is to avoid collisions between the military forces of Honduras and Guatemala, which might involve the peace of both States. In consequence the zone indicated of eight kilometers on the one and the other side of the River Motagua shall be understood neutral to the effect only that neither Honduras nor Guatemala may place in it military forces for boundary matters until is fixed the definite dividing line.

With respect to the conference held the 24th of this month, to which the note of your excellency alludes, I regret to state to you that in the said conference it was stated to the Secretary of the Legation, Mr. Belt, that the matter would be discussed with the Honorable President, in order to give a definite reply, expressing that in general the Government of Honduras does not maintain troops in the zone to the south and east of the Merendén mountains, save only small police guards for fiscal purposes (i. e. to prevent smuggling), for security and public order and to guard the order in the plantations and works of the American Cuyamel Fruit Company.

I improve [etc.]

MARIANO VÁSQUEZ

HAITI

POLITICAL, FINANCIAL AND ECONOMIC AFFAIRS.¹ POLICY OF THE UNITED STATES. REQUEST FOR GOOD OFFICES OF THE UNITED STATES IN LOAN NEGOTIATIONS. EXTENSION OF THE DURATION OF THE TREATY OF SEPTEMBER 16, 1915. MODIFICATION OF THE GENDARMERIE AGREEMENT OF AUGUST 24, 1916.

File No. 838.00/1432a

The Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, January 6, 1917, 7 p. m.

Following is a paraphrase of cable sent by Navy Department to Admiral Knapp, commanding cruiser forces in Haitian waters, and outlining policy of the United States which has been formulated in conference between Navy and State Departments.

It has been the policy of the Government of the United States to support Dartiguenave so long as he conducted his administration in accordance with correct principles and the agreements entered into between Haiti and the United States. Any attempt to overthrow the present President of Haiti will not be countenanced, nor will any legislative action annulling any Presidential decree which was issued at a time when no legislative body was in session be favored. On the other hand, it will regard it as the beginning of activities of a revolutionary and disorderly political character in the Republic. It is believed that if the Government should be defeated it would be highly desirable that the present Cabinet resign and a Cabinet in harmony with the dominant party be formed by the President. It is considered that the best interests of prosperity, peace and future development in Haiti will be served if conditions remain as they are and that every effort be directed to developing the internal resources of the country and placing them on a more stable basis. The Government of Haiti may be informed of the policy as herein outlined in your discretion.

You will be further instructed if the Department desires you to take any action in this connection.

LANSING

File No. 838.51/580

The Haitian Minister to the Division of Latin American Affairs

[Translation]

HAITIAN LEGATION,
Washington, January 11, 1917.

DEAR MR. STABLER: I take great pleasure in handing you herewith a memorandum about an order issued as far back as February 1916 by Admiral Caperton on the subject of attachments affecting officials of the Republic of Haiti.

¹Continued from For. Rel. 1916, pp. 310-321.

I should be thankful if you would as far as possible expedite the settlement of this question.

Be pleased to accept [etc.]

SOLON MÉNOS

[Inclosure—Memorandum—Translation]

In the month of February 1916, Admiral Caperton ordered the Banque Nationale of the Republic of Haiti to pay no attention to certain attachments made of the salaries of public officials, and declared that judgments alone were to be respected.

The Department of Foreign Relations on the 24th of the same month of February wrote to the Legation of the United States at Port au Prince a reminder that, under the law of Haiti, the bank must, without discrimination among the claims, respect any attachment or garnishment lodged with it, until otherwise ordered by a writ of a court, and that, therefore, Admiral Caperton's order involved a breach of the law as well as an injury to private rights; it closed its letter with a request that the order be repealed and in any event disclaimed any of the responsibilities that might arise therefrom.

Article 478 of the Code of Civil Procedure of Haiti is as clear as can be: "Any creditor may on the strength of private or recorded vouchers, attach in the hands of a third party the moneys or effects belonging to the debtor and oppose their delivery".

This but peremptorily demonstrates that Admiral Caperton was in error when he ordered the Banque Nationale of the Republic of Haiti to pay the public officials their salaries in spite of their being garnisheed.

So there is occasion to bring to an end a state of things which constitutes an evident disregard of the law of Haiti and an injury to legitimate interests.

WASHINGTON, January 10, 1917.

File No. 711.38/168

The Secretary of State to the Haitian Minister

The Secretary of State has the honor to acknowledge the receipt of the memorandum of the Haitian Minister² with regard to the interpretation of the words "collect, receive and apply" in Article II of the Haitian American Treaty of September 16, 1915.

As the matter was clearly explained to the Haitian Minister by Mr. Polk on November 2, in the course of a conference with Mr. Ménos, the Department of State wishes to confirm the views then expressed which are as follows: that inasmuch as there is no record of a definite agreement as to the construction of this Article, the Department is unable to attach to the words "collect, receive and apply," any other significance than that which they bear in common and legal use.

DEPARTMENT OF STATE,

Washington, February 15, 1917.

File No. 838.51/590

The Haitian Legation to the Department of State

[Translation]

It appears from a telegraphic despatch sent yesterday to the Legation by the Secretary of State for Foreign Relations of Haiti on the subject of the contemplated 30,000,000 dollar loan that the Financial

¹ For. Rel. 1916, p. 362. Note dated Oct. 6, 1916.

Adviser of the Republic of Haiti declared that if the Haitian Government does not agree to sign a protocol setting the term of twenty years for the life of the Convention of September 16, 1915, he will suspend payment of salaries and other public disbursements as early as on March 1.

Two lines of thought are manifestly here confounded, for one question is that of a loan which the Government of the United States is helping with its good offices the Government of Haiti to negotiate, and the other is that of payments which the Receiver General must attend to under Article V of the said Convention.

Moreover, the Minister of Haiti having, on the 17th of February instant, imparted to the Department of State his Government's objections to an immediate renewal of the Convention as a prerequisite of the loan, and the question not yet having been quite cleared up with the bankers concerned, the above-mentioned declaration cannot in any way be accounted for.

HAITIAN LEGATION,
Washington, February 23, 1917.

File No. 838.51/590

The Acting Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, February 24, 1917, 6 p. m.

Department informed by Haitian Minister and from other sources Financial Adviser has informed Government of Haiti that he will suspend payments on March 1 until signing of protocol extending treaty twenty years, in view of loan negotiations.

Report immediately all circumstances in this connection. No instructions were sent by the Department for this step to be taken and it desires to be informed of all facts.

POLK

File No. 838.51/591

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, February 26, 1917, 5 p. m.

Your February 24, 6 p. m. Financial Adviser did not inform Government payments would be stopped March 1 or any other date, but did call attention to Article V of the treaty and impracticability of continuing present scale of expenditure, in the absence of definite plans for making good deficit.

Question accede conditions for loan before Council to-day Borno and Heraux favoring. At the request of dissenting members President deferred casting deciding vote until views of Ménos, who has been cabled to-day as to necessity of extension of treaty in order to secure loan, are received. Definite favorable action is promised on Wednesday next unless Ménos should make adverse report.

BLANCHARD

File No. 838.51/596

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, March 3, 1917, 6 p. m.

Following received March 2 from Minister for Foreign Affairs:

[Translation]

Referring to my communication of January 13, relative to the project of a loan presented by Mr. A. T. Ruan, Financial Adviser, I have the honor to bring to your knowledge that the Council of the Secretaries of State has voted the following decision:

In pursuance of the letter of the Financial Adviser to the Secretary of State for Finance and to the letter of the Minister of the United States to the Secretary of State for Foreign Affairs concerning the loan of 30,000,000 dollars:

Considering that, to remedy the grave financial and economical situation of the country, the necessity for a loan which will diminish the annual budgetary charge and which will facilitate the development of national labor imposes itself upon the Government of Haiti;

Considering that the bankers who are disposed to make this loan fixed at 30,000,000 dollars claim as a fundamental guaranty that the Convention of September 16, 1915, remain in force during the period of reimbursement; period which would be about twenty years;

The Government of Haiti in consideration of this loan and under the express reserve of the subsequent decision to be taken upon the specific clauses and conditions which the bankers shall offer,

Declares to recognize the inevitable necessity of a loan destined to realize the views and objects of the convention, constitute the one of the specific reasons indicated at (in?) Article XVI of this diplomatic document and of which the consequence is to give to the said convention a duration of twenty years.

The Secretaries of State for Finance and for Foreign Affairs are authorized to undertake, to this end, each in that which concerns him, the necessary negotiations, under the reservation of the decision of the Government and of the approval of the legislative body.

In pursuance of the above negotiations with Minister for Foreign Affairs resulted in agreement upon following project of protocol which has been approved by Council of Secretaries of State and is submitted to the Department for its action.

[Translation]

The Republic of Haiti having recognized as urgent the necessity of a loan for a term of more than ten years destined for the amelioration of its financial and economic situation; considering (?) this necessity as a specific reason susceptible of giving to the Convention of September 16, 1915, a duration of twenty years and desiring in consequence to exercise the right which it holds from Article XVI of this convention.

And the United States of America conforming itself to Article I of the said convention and asking its good offices for the full accomplishment of its aims and objects,

Have decided to conclude an additional act to this convention, with a view to facilitating a prompt realization of the loan and to offer to the capitalists the serious guaranty which they claim from an uninterrupted stability indispensable to the development of the wealth of the Republic of Haiti,

And have been appointed as plenipotentiaries by the President of the Republic of Haiti, _____,

By the President of the United States of America, _____, who having exhibited to each other their respective full powers found to be in good and true form, have agreed as follows:

Article 1. The two high contracting parties declare to admit the urgent necessity for a loan for a period of more than ten years for the benefit of the Republic

of Haiti and one of the specific reasons indicated in Article XVI of the Convention of September 16, 1915, and agree to fix at twenty years the life (duree) of the said convention.

Article 2. The present additional act shall be approved and ratified by the high contracting parties in conformity with their respective laws and the ratifications thereof shall be exchanged in the city of Port au Prince as soon as may be possible.

BLANCHARD

File No. 838.51/604

The Financial Adviser to the Secretary of State

REFUNDING THE DEBT OF HAITI

WASHINGTON, *March 19, 1917.*

To provide funds for refunding the existing debt of Haiti and to finance public improvements necessary to the development of her resources, the Government of that country has approved, subject to ratification by the legislative body, a loan of \$30,000,000. A careful study of the situation indicates that such a loan could not be repaid by Haiti within the remaining period of nine years which the Treaty of September 16, 1915, has yet to run. Also it reveals that American bankers would be loath to make a loan to Haiti for a longer period unless assured of American control of finances and of the preservation of peace and order for the life of the loan.

Recognizing these facts the Government of Haiti, availing itself of Art. I of the treaty, has requested the good offices of United States to assist it in securing a loan of \$30,000,000 for the purpose aforesaid, and to the end that it may be obtained upon the most favorable terms has expressed its desire to exercise the option conferred upon it by Art. XVI of the treaty, thereby insuring for the treaty a maximum life of twenty years dating from the exchange of the original ratifications. This is not a new agreement beyond the scope of the present treaty, but is simply the exercise of an option which the present treaty confers upon either party thereto. The extension requested is essential to the welfare of Haiti. Her present debts carry exorbitant fixed charges and special liens upon specific customs revenues. A refundment of these debts is necessary to curtail the annual fixed charges and permit a revision of the customs tariff demanded by the present and prospective commerce of the country. Her industries and resources must be stimulated and developed to afford employment to her people and prosperity to the country. To this end private capital is an essential factor and capital will be more readily attracted if assured of nineteen years of American control.

The advantages of the extension proposed in the protocol submitted by Haiti are mutual to both countries; I am of the opinion that its early execution is highly desirable in order that bankers may immediately be invited to submit tenders for a loan to be repaid in nineteen years, the most advantageous offer to be submitted for the approval of the Legislative Assembly which convenes in Port au Prince April next for a session of three months.

A. T. RUAN,
Financial Adviser to Haiti

File No. 838.51/596

The Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, March 22, 1917, 5 p. m.

Your March 3, 6 p. m. Protocol submitted should be amended by substitution for Article 2 the following:

The present act shall be approved by the high contracting parties, in conformity with their respective established procedures, and the approvals thereof shall be exchanged in the City of Port au Prince as soon as may be possible.

This will not preclude Government of Haiti submitting protocol to National Assembly for approval but will render unnecessary its submission to Senate of the United States.

Protocol as amended should be immediately signed by you and transmitted to Department for approval by the President of the United States.

LANSING

File No. 838.51/603

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, March 28, 1917, 6 p. m.

Your March 22, 5 p. m. Protocol as amended just signed.

BLANCHARD

Treaty Series No. 623-A

ADDITIONAL ACT BETWEEN THE UNITED STATES AND HAITI EXTENDING THE DURATION OF THE TREATY OF SEPTEMBER 16, 1915

Signed at Port-au-Prince, March 28, 1917

The Republic of Haiti having recognized as urgent the necessity of a loan for a term of more than ten years destined for the amelioration of its financial and economic situation, considering from now this necessity as a specific reason susceptible of giving to the Convention of September. 16, 1915, a duration of twenty years and desiring in consequence to exercise the right which it holds from Article XVI of this Convention;

And the United States of America, conforming itself to Article first of the said Convention and assuring its good offices for the full accomplishment of its aims and objects,

Have decided to conclude an additional act to this Convention, with a view to facilitating a prompt realization of the loan and to offer to the capitalists the serious guarantee which they claim of an uninterrupted stability indispensable to the development of the wealth of the Republic of Haiti;

And have been appointed as Plenipotentiaries,

By the President of the United States of America,

Mr. Arthur Bailly-Blanchard, Envoy Extraordinary and Minister Plenipotentiary of the United States of America,

By the President of the Republic of Haiti,
Mr. Louis Borno, Secretary of State of Foreign Affairs and Public
Worship,

Who having exhibited to each other their respective full powers
found to be in good and true form, have agreed as follows:

Article 1. The two High Contracting Parties declare to admit the
urgent necessity for a loan for a period of more than ten years for the
benefit of the Republic of Haiti as one of the specific reasons indi-
cated in Article XVI of the Convention of September 16, 1915, and
agree to fix at twenty years the life of the said Convention.

Article 2. The present act shall be approved by the High Contract-
ing Parties in conformity with their respective established procedures
and the approvals thereof shall be exchanged in the city of Port-au-
Prince as soon as may be possible.

Signed and sealed in duplicate in the English and French languages,
at Port-au-Prince, Haiti, the 28th day of March, 1917.

[SEAL]
[SEAL]

A. BAILLY-BLANCHARD
LOUIS BORNO

File No. 711.33/120

Minister Blanchard to the Secretary of State

No. 135

AMERICAN LEGATION,
Port au Prince, March 29, 1917.

SIR: Referring to my March 28, 6 p.m., I have the honor to for-
ward herewith the original and copy of the Protocol, signed yesterday,³
calling into being full force Article XVI of the Convention of September
16, 1915.

I have [etc.]

A. BAILLY-BLANCHARD

File No. 838.51/581

The Secretary of State to the Haitian Minister

No. 26

DEPARTMENT OF STATE,
Washington, April 16, 1917.

SIR: The Department has deferred replying to your note of Jan-
uary 11, 1917, transmitting a memorandum on the subject of the
attachment of salaries of the officials of the Republic of Haiti, until
it could give the matter careful consideration.

The Government of the United States believes that the order of
Admiral Caperton has served and is serving a useful purpose as the
only means at the present time of preventing the injustices which
otherwise might occur, due to the facility with which the salary of
any Government employee could be attached for the purpose of
enforcing payment of old claims and of claims arising from the dis-
counting of salaries, inflated many times by usurious rates of interest,
there being no usury law in Haiti.

³ Printed above.

The Department suggests that a solution of this matter might be found in the enactment by the Haitian Legislature, at present in session, of a new law covering the objectionable features of the present law, which would render unnecessary a continuance of the military order.

Accept [etc.]

ROBERT LANSING

File No. 838.105/37

The Haitian Minister to the Secretary of State

[Translation]

HAITIAN LEGATION,
Washington, July 5, 1917.

MR. SECRETARY OF STATE: I have the honor to inform your excellency that my Government, on the recommendation of General J. D. Butler, commander in chief of the Haitian gendarmerie, is disposed to subscribe to the modification of the Gendarmerie Agreement signed at Washington on August 24, 1916, in such a way as to have a new inspector and a second lieutenant (machine gun section) take the place of one of the line directors.

It gives me pleasure to add that it has vested me with full powers to that end.

Be pleased to accept [etc.]

SOLON MÉNOS

File No. 838.105/39

The Secretary of State to the Haitian Minister

No. 30

DEPARTMENT OF STATE,
Washington, August 24, 1917.

SIR: The Department of State has been advised that General S. D. Butler, commandant in chief of the gendarmerie of Haiti, has recommended (and to this recommendation this Department agrees) that the Constabulary Agreement between the Governments of the United States and Haiti of August 24, 1916, shall be amended so as to establish the number of directors of gendarmerie at three instead of four, and to substitute in the place of the one director thus eliminated an additional inspector and an additional second lieutenant (machine gun).

The Department will be pleased to receive from you a confirmation of the amendment thus proposed.

Accept [etc.]

ROBERT LANSING

File No. 838.51/581

The Minister of Haiti to the Secretary of State

[Translation]

LEGATION OF HAITI,
Washington, August 29, 1917.

MR. SECRETARY OF STATE: I have had the honor to receive your excellency's note dated the 24th of August instant, concerning the recommendation of General S. D. Butler, commander in chief of the gendarmerie of Haiti, to amend the agreement concerning the

gendarmerie arrived at by the Governments of Haiti and the United States on August 24, 1916, so as to set the number of directors of the gendarmerie at three instead of four and to put in the place of the director so eliminated an additional inspector and another second lieutenant (machine guns section).

Your excellency is pleased to inform me that the recommendation is acceptable to the Department of State. So it is my great pleasure to confirm by means of this note the modification which formed the subject of the note I sent you on July 5, 1917.

Be pleased [etc.]

SOLON MÉNOS

File No. 838.00/1485

Chargé Mayer to the Secretary of State

No. 167

AMERICAN LEGATION,
Port au Prince, September 7, 1917.

SIR: I have the honor to forward herewith copy of a memorandum entitled: Relations between treaty officials of the Haitian Government, handed to me this day by Rear Admiral H. G. Knapp, to the effect that the Admiral considers such an expression a part of his official duty; that a great experiment is being carried on by the United States in reference to Haiti whose success is dependent in a very large degree upon the complete harmony and cooperation among the different Americans connected with the experiment. Further, the Admiral enjoins upon the United States naval officers who are treaty officials of the Haitian Government, such cooperation, and a full understanding that in independent organizations "orders from persons in one cannot properly be given directly to those of another"; that the heads of the gendarmerie, the engineer service, and the service of the sanitary engineer should, and he expected would, cooperate heartily with the other American treaty officials in Haiti and with the Legation and the officers of the occupation. Finally, the Admiral concluded his memorandum by stating that the juniors of the several organizations presided over by officers of the United States naval service should be instructed in the sense of this memorandum and held to a strict observance of its principles.

I have [etc.]

FERDINAND LATHROP MAYER

[Inclosure—Memorandum]

RELATIONS BETWEEN TREATY OFFICIALS OF THE HAITIAN GOVERNMENT

1. In connection with my responsibilities as the military representative of the United States in Haiti, I consider it a duty to express my views of the relations that should exist between the treaty officials who are in the service of the Government of Haiti and are, at the same time, members of the naval service of the United States, and also those that should exist between them and the other Americans here in official positions.

2. The United States is carrying on in Haiti a great experiment, the success of which is a matter of national importance to the United States and, so far as the naval service is concerned, of service pride. It is, of course, a further matter of doing the greatest possible work for Haiti. Nothing avoidable should be allowed to stand in the way of complete success. The thing that will make for success in a higher degree than anything else is complete harmony and team work

between all Americans who are in any way connected with the experiment. On the other hand, no worse thing could happen than to have the Haitians get the idea that there is any lack of complete harmony among Americans who are officially here.

3. While I feel sure that there is no dissent from these observations on the part of anybody concerned, I yet consider that, in view of the fact that I am not permanently here in the exercise of the functions which have been assigned to me by the Department, I should give clear expression to the rules that should govern officers to whom the authority applies that vests in my official position. I, therefore, enjoin upon the officers of the naval service who are treaty officials of the Haitian Government the heartiest cooperation and team work, without which success is impossible. The activities of the gendarmerie, the engineer service, and the service of the sanitary engineer are bound to overlap at times. On the other hand, each can often be of great usefulness to the others. Cheerful cooperation under such circumstances, lending the helping hand wherever possible, and respect of each service for the position and rights of the others, will be expected.

4. I need not add to the officers in the naval service that, in independent organizations, orders from persons in one can not properly be given directly to those of another, but the desired action should be brought about by an arrangement with the head of the other, or with his duly qualified junior, by which means the necessary orders can emanate from proper authority.

5. The heads of the three organizations mentioned above should, and I am sure will, work to the same end of hearty cooperation with the other American treaty officials in Haiti, and with the Legation and the officers of the occupation.

6. It is especially important that the juniors of the several organizations presided over by officers of the United States naval service should be instructed in the sense of this memorandum, and be held to a strict observance of its principles. Not all such juniors will have had the advantage of a military training; and some who have had such training in subordinate grades may not have a full appreciation of the courtesies that should obtain in official intercourse.

H. S. KNAPP

File No. 838.00/1485

The Secretary of State to Chargé Mayer

No. 147

DEPARTMENT OF STATE,
Washington, October 4, 1917.

SIR: The Department has received your No. 167 of the 7th ultimo in which you enclose a copy of a memorandum handed to you by Rear Admiral Knapp upon the subject of the relations between treaty officials of the Haitian Government.

The Department approves Admiral Knapp's memorandum and concurs in the views which he has expressed therein.

Copies of your despatch and its enclosure have been forwarded to the Secretary of the Navy with this Department's comment thereon as above.

I am [etc.]

ROBERT LANSING

File No. 838.105/45

Chargé Mayer to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, November 6, 1917, 10 a. m.

At the request of General Butler Legation respectfully solicits Department to use good offices to expedite modification of gendarmerie agreement, substituting two lieutenants for one inspector Coast

Guard as per correspondence contained in letter dated November third from chief gendarmerie to brigade commander Haiti forwarded to headquarters Marine Corps.

MAYER

File No. 838.105/45

The Acting Secretary of State to Chargé Mayer

[Telegram]

DEPARTMENT OF STATE,
Washington, November 16, 1917, 3 p. m.

Your November 6, 10 a. m. Department informed that General Butler's proposed modification of gendarmerie agreement looks to the substitution of one first lieutenant at twelve hundred dollars per year and one second lieutenant at six hundred dollars per year in the Coast Guard in the place of one Coast Guard inspector at eighteen hundred dollars per year. Inasmuch as this suggested modification does not involve any greater expenditure, while promising greater efficiency, you are authorized to arrange the modification desired by General Butler with the President of Haiti.

POLK

File No. 838.105/33

The Secretary of State to Chargé Mayer

[Telegram]

DEPARTMENT OF STATE,
Washington, November 27, 1917, 5 p. m.

Your July 10, noon.⁴ Amendment therein referred to has been consummated and put into effect by an exchange of notes dated August 25 from Department to Haitian Legation, answered by Haitian Legation in their note of August 29. Department's November 16, 3 p. m. instructs you to conclude second modification.

Keep Department advised of progress.

LANSING

File No. 838.105/50

Chargé Mayer to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, November 28, 1917, 4 p. m.

Department's November 16, 3 p. m. Haitian Government entirely disposed to make the second modification, but desirous of effecting same by means of accord duly signed rather than by an exchange of notes. If Legation's suggestion to the Minister for Foreign Affairs to use latter method of modification, not adopted by Haitian Government Legation will cable the Department requesting power to sign an accord.

MAYER

⁴Not printed.

File No. 838.105/52

Chargé Mayer to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, December 3, 1917, noon.

A verbal message from the President of Haiti informs the Legation that the said modification can be concluded by an exchange of notes and that he will sign the commissions of the Coast Guard officers to be appointed by virtue of this modification as soon as their names are presented to him.

MAYER

File No. 838.105/53

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, December 9, 1917, 10 a. m.

Department's December 3, 4 p. m. Modification concluded by an exchange of notes.

BLANCHARD

**CONTROVERSY BETWEEN THE NATIONAL RAILROAD COMPANY
OF HAITI AND THE GOVERNMENT OF HAITI. GOOD OFFICES
OF THE UNITED STATES⁵**

File No. 838.77/153

The Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, January 2, 1917, 5 p. m.

Urgent. Your December 21, 10 a. m. Controversy between Haitian Government and railway company remains unsettled after nearly six months of correspondence and negotiations. Railroad company has notified Department that officials of French Government on behalf of French bondholders are pressing their officers to effect an adjustment by some means or that bondholders will foreclose property and that after first of year they will commence proceedings if no definite result is immediately reached.

Railway company has asked Department to take necessary steps to arrange for an arbitration of outstanding questions. Department instructs you to show this cable immediately to Ruan and consult with him as to best and most expeditious means of settling this long-standing dispute in a definite manner.

Will Haitian Government authorize Ruan to treat directly with representative of railroad company and make definite settlement. Four months ago Haitian Government informed this Government

⁵Continued from For. Rel. 1816, p. 368.

that Ménos had all details and could deal with representatives of railroad and therefore it is unbelievable that it has not complete record and reports which could have been given forthwith to Ruan.

Cable immediately result of conferences with Ruan and his views.

LANSING

File No. 838.77/154

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, January 11, 1917, 11 a. m.

Your January 2, 5 p. m. Owing to errors in cipher as received and delay in securing correct repetition just this morning able to consult with Ruan. After full discussion with him submit following:

In the event of Ruan as a representative of Haitian Government treating with representative of railroad company unable to come to agreement there would exist necessity for third arbitrator or umpire. In view of this it is suggested that Haitian Government designate a representative other than Ruan to treat with the representative of railroad company and that Ruan act as umpire to decide all points upon which the two representatives may be unable to agree, his decision to be final. Shall I approach the Government on this basis?

BLANCHARD

File No. 838.77/169

Reply of the National Railroad Company of Haiti to the memorandum of Minister Ménos^a in answer to the company's memorandum

[Left at the Department by Mr. Farnham January 15, 1917]

Preamble: Minister Ménos is mistaken in his assertion that the grievances alleged by the Compagnie Nationale des Chemins de Fer d'Haiti against the Haitian Government are "made to order" and that it is "only when the company is alleged to be at fault and tries to evade impending or deserved forfeiture that it brings them to light and asserts its ingenuity in dressing them up to a certain extent".

Against this unjustified and unsupported assertion by the Minister, the company is in a position to present satisfactory evidence that each one of the grievances referred to in its memorandum were, in proper time, notified to, or brought to the attention of the Government of Haiti with request for redress.

The Government officials instead of rendering assistance or relief, oftentimes tried to make an argument; in some cases they stated their intention to give satisfaction to the complaints of the company or remedy to its grievances, but anyone reasonably minded will find out, by referring to the documents presented, that action hardly ever followed the promises made or the assurances of good will alleged by the Government.

^aNote from Haitian Minister of September 21, 1916. For. Rel. 1916, p. 379.

The Haitian officials have never been able to grasp the real conditions, or the principles underlying this sort of concession of public utilities, which may be summed up as follows:—

The Government being in need of a railroad which, for reasons known to it, it does not care to build and operate by its own means and by its own officials, grants a concession therefor to some party or company in a position financially and technically to carry on the construction and the exploitation thereof under conditions determined in advance. Therefore, such concessionnaire is acting really in lieu and place of the Government and has a sort of delegation of the State's powers (right to expropriate private land and take possession of all public lands needed; exemption from all taxes, dues, etc., right to collect tolls for the use of the road, etc.) and this can be the only reason why the Government stipulates in favor of the concessionnaire all the exemptions and facilities provided for in the acts of concession.

One can readily understand that, if the Government imported rails, machines, fodder for its animals, supplies necessary for the lodging and boarding of the men employed and for the protection of their health, the State certainly would not pay any of the said duties, taxes, etc. In other words, all the facilities and privileges which the Government would itself enjoy if it was carrying on the construction of the railroad, are granted to the concessionnaire who is acting in its place.

The whole force and power of the State should rightly stand behind the party undertaking the establishment of that public utility, ready to protect said party and to remove all obstacles and to grant all facilities in order to secure the proper fulfilment of the conditions of the concession, just as if the Government were carrying on the work through its own officials and by its own direct financial means. All of this the Government officials have failed to understand and to such failure to comprehend is due their shortcomings or failure to grant to the company proper protection, real good will or, as they qualify it, "benevolence".

With the foregoing observations in mind, answer will now be made to the remarks of Minister Ménos in the order they are found in his memorandum in reply to that of the railroad company.

1. The destruction of the company's property in July and August 1911 was immediately brought to the attention of the Department of Public Works. The company, in its letter of the 29th of August, 1911, did not present a specific claim for damages, but did point out that not only all work had been stopped, but that the surveying parties and working gangs had been disorganized and dispersed in all places where the company's work was being carried out in the north and the Artibonite.

However, by its letter of July 25, 1911, confirmed by another letter of August 28, 1911, the company states that,—

Material belonging to this company has been destroyed amongst which is the sawmill established for the preparation of ties and all the timber necessary for the works. Construction gangs have been dispersed, the men chased away; other acts of brutality and oppression committed which are too long to be enumerated here. Under these circumstances this company is obliged to notify to you said cases of *force majeure* which paralyze the execution of the works for a period which, at this time, cannot yet be determined. The company, therefore, makes all reserves for the prejudices caused to it and which may yet be caused thereby to the company.

By its letter of April 4, 1912, addressed to the Department of Public Works, the company again pointed out that the contractor building the railroad "had been forced to reorganize its personnel and replace the material destroyed or taken away". The company did not go into any further details about the destruction of its property in those letters simply because it was not then considered proper to mix this matter with the claim for extension of time rendered necessary by evident cases of *force majeure*.

Mr. Ménos charges the company with having varied in its statement of the manifestation of the revolutionists of 1911 against the railroad and Americans. He says that it was stated before that the cries were "Down with McDonald" and now they are presented as "Down with the Railroad", etc. Mr. Ménos seems ignorant of the fact that up to this date, nobody in Haiti refers to the railroad otherwise than as "McDonald's Railroad". Even to this day "McDonald's station" is the only designation given by everyone (people, Government and American officials) to the railroad terminal station at Port au Prince, simply because it was Mr. McDonald who negotiated with the Simon Government the amendments to the original railroad contracts at the same time as he was negotiating his banana concession stipulating large grants of public land. This banana contract proved so unpopular with the lower classes of people, that both railroad and banana contracts were used by the leaders of the revolution of 1911 to incite the people of the north against the Simon Government. McDonald's name which was publicly identified with both railroad and banana concessions, was used by the leaders of the revolutionary movement to signify the taking away from the people of their land and property rights, and the antagonism to McDonald and his railroad enterprise thus aroused, continued acutely for more than two years after the revolution of 1911.

Mr. Ménos, however, admits that the company's lawyers in Port au Prince did, in fact, present a claim to the Haitian Government on October 12, 1914 for the property taken away or destroyed. What has the Government done since about that claim?

Mr. Ménos' memorandum states that in July 1911 the company had only just begun construction of the Cape Grande Riviere section; that "there were only a few rails dumped down right and left by the roadside without any ties to support the rails"; this assertion is in contradiction with facts. Mr. Ménos repeats an oft told argument that the permission to import 50,000 ties at that time was a great favor made by the Government to the company. This argument cannot be supported because, in fact, at the time the company requested said authorization, it was proven beyond any doubt that the efforts of the company to obtain a proper supply of ties from all parts of the north had reached a point where the company was assured of obtaining the necessary supply of ties for the construction of the railroad. But all the efforts so made by the company were baffled by the revolution, which destroyed entirely the company's tie organization; and its sawmills.

Moreover the company's request for authorization to import these 50,000 ties was really determined by the expressed desire of President Leconte to have the railroad reach Grande Riviere in time to haul the coffee crop, then coming in to the port of Cape Haitien, and that was not possible if the company had to wait for a supply of native

ties under the conditions above referred to. Such were the reasons that caused the company to request the authorization to import 50,000 ties.

An illustration of the tendency of officials of Government of Haiti to regard as a favor every compliance with its contract obligations is found in that paragraph of Mr. Ménos' memorandum (which is a repetition of one of the then Minister of Public Works, Mr. Laroche's letters to the company) where it is said that the second revolution of 1911 having only lasted one month, the Government did a great favor to the company by granting an extension of time of four months.

Let it be noted, however, that the Government of Haiti admits that, whether as favors or not, extensions of time on account of *force majeure* amounting to eleven months were granted to the company up to April 1912. Now the date of promulgation of the concession being August 5, 1910, this extended period of eleven months makes July 5, 1916 the date on which the five year period stipulated for the completion of all the lines of railroad by the Agreement of April 16, 1910 would have expired if no other circumstances of *force majeure* had occurred between April 1912 and September 1914 at which time the Government notified its preliminaries to the foreclosure proceedings.

During all the year 1912, however, the company was subjected to immense loss of time and of overhead expenses, at various periods on account of the failure of the Government to carry out in proper time, the expropriation proceedings in respect of right of way. This is evidenced by various letters presented herewith. In one instance the Government took eight months, from June 1912 to January 1913, to permit the company to take possession of a parcel of land absolutely necessary for the right of way at Laboderie, Section I (refer to company's letter of January 6, 1913 making reserves therefor).

2. The company might have no objection to Mr. Ménos' opinion that "this exemption (of customs duties, taxes, etc.) constituting a privilege or a derogation from the common law ought, like all other exceptional provisions, to be interpreted strictly and not beyond its terms". The company simply contends that its claim for exemption is within the meaning of the provisions of its concession and that any interpretation to be made of this provision, in case there were any doubt as to the meaning, must be made in favor of the company and against the Government, it being the party granting the privilege. The company further contends and has always contended that the supply of food, drugs, camp equipment at the company's expense, to the men employed on surveying parties and construction camps as well as fodder, horse shoes and nails, medicines, etc., needed for the maintenance and care of the animals used for the company's surveys and construction work, was as necessary "for the construction and maintenance of the railroad" as anything else employed for such purpose and is in accordance with the best practice of railroad construction.

The company's position is supported by the opinion of Mr. J. N. Leger, former Dean of the Bar and former Minister of Haiti at Washington, and Mr. Justin Devot, former professor in the Law School at Port au Prince, and now a judge of the Supreme Court of Haiti, two of the most eminent lawyers of Haiti, and such also was

the opinion of the Government of Haiti until the commencement of Mr. Leconte's administration in August 1911 (refer to opinions annexed hereto).

Mr. Ménos is again mistaken or misinformed in stating that since the company was invited on June 21, 1912 to amicably draw up a list of articles which might enjoy customs exemption, there was no further demand for the exemption of victuals, etc., etc.

The company, in September 1911, did all it could to have the Minister of Public Works discuss the matter, failing which, the question was brought to the attention of the President of Haiti and of the Council of Secretaries of State, but all in vain as is evidenced by the despatches No. 39 of September 14, 1911 and No. 76 of October 14, 1911. The Department of Public Works, nevertheless, admitted by its despatch No. 64 of September 29, 1911 the company's right to import fodder, etc., for the animals, but wanted the company to fix in advance a limit to the quantity of those articles to be imported, a procedure which the company could not accept, as is shown by its letter of October 10, 1911, which clears up the question of fodder for the animals.

But, by a letter of October 23, 1911, the company again took up the matter with the Government in confirmation of a verbal discussion, and a list was submitted of the articles to be imported free of duty but no satisfactory answer nor solution having been given to the demand of the company, the matter was dropped. As further efforts in this direction seemed useless the company thereafter made payments of duties, taxes, etc., in each instance under protest. The Government on the other hand even went so far as to collect a visa tax of 1% on the amount of invoices for exempted material.

The tonnage tax, contrary to Mr. Ménos' statement, is not in Haiti a tax on the body of the vessel but is a customs tax on the weight of the goods landed by the ship and is collected from the shippers by the steamship company, which in turn pays it to the Government on the total tonnage of the ship's manifest. While this tax originally was a tax on the ship's body it has long since ceased to be so; this is the positive opinion of the best lawyers in Haiti and was also the opinion of the Government up to the time Mr. Leconte came to office.

The company never requested that the "Government of Haiti take responsibility for the conditions of the tariff of navigation lines," but it has very rightly asked that the Government of Haiti, by such administrative channels as are usual, give exemption of all the material, supplies, etc., imported by the company "for the construction, maintenance and operation of the railroad" from the payment of all duties, taxes, etc., collected at the various customhouses of the Republic. This request is in accordance with the provisions of its concession, which provisions the Government of Haiti fully observed during the early beginning of the execution of the concession, but later on has fully disregarded. The company herewith reiterates its demand for the reimbursement of all such duties and taxes collected on the company's imports.

3. "The Haitian Government has always furnished the most ample protection to the company." If such protection merely consisted in writing letters and issuing orders to the petty officials, etc., there might be some consistency in Mr. Ménos' statement; but the company is in a position to show voluminous evidence that the Govern-

ment never, at any time, has taken active steps to insure such protection to the company's personnel and property. The laborers have more or less constantly, at any rate periodically, been dragged away, recruited, chased from the company's camps on various pretexts; they have been subjected to all sorts of hardships and limitations on the pretext of applying existing laws which were never so much remembered as when they referred to the railroad company, its personnel or its property; all sorts of hindrances, limitations, delays and losses have been in such ways caused to the company. The documents in evidence of this assertion are much too numerous to be referred to in detail here, but they can be presented in support hereof.

The story of "recall of one of the most devoted lieutenants of President Leconte" has been often presented as the most positive evidence of the Government's good will and desire to afford protection to the company. Documents in possession of the company show, however, that this "devoted lieutenant" had been so openly active against the company, and his interference in matters outside of the province of his duties were of such character,—all of which was admitted,—that there was no other course open to the Government but to dismiss him at the time.

Mr. Ménos' statement that the Government exempted the company's workmen and other Haitian employees from military service is in flagrant contradiction with all the actual facts and documents presented in support of this company's statement of its troubles in this respect.

Mr. Ménos refers often to the company's failure to present any verifying documents, affidavit or evidence in support of its grievances. The company's correspondence with the Department of Public Works is evidence enough that such facts as are alleged by the company were properly notified to the Government of Haiti in due time, and as to the destruction of its fences, this can be seen and ascertained up to this date throughout the entire length of the 176 kilometers of railroad in operation. The company did not resort to the Justice of the Peace to make affidavits, because the grievances complained of by the company generally occurred in time of revolution when no Justice of the Peace could be found or would answer to a call, at the various places where the trouble occurred. Moreover, the company knows by experience that there is no real value in such affidavits which can be made to say anything for or against the company at the request of anyone.

Furthermore, the grievances about which the company has complained or is claiming redress for, have, in most instances, been the act of Government officials, or of Government forces, or of revolutionary forces which, in time, became Government forces, and it was hardly to be expected that the Justice of the Peace, who is a Government official, dismissible at will, would make an affidavit against his Government.

The other assertions made in this part of Mr. Ménos' memorandum are open to the same criticisms of contradiction with absolute fact, evidenced by documents.

The company was at one time charged with causing frequent but short interruptions of the Government telegraphic line between Port au Prince, Gonaives and Cape Haiti. These were due to the fact

that such lines were built on the public highways or near the company's right of way where trees were being cut down and explosives used for blasting; such lines already were in very bad condition and subjected to frequent interruptions more than half the time, and therefore it was next to impossible not to cause minor interruptions, about which the Government officials made much trouble. The company desires to state and can prove that at those very times, it was paying important sums of money weekly to the Government telegraph officials to provide for linemen and inspectors to be present on the spot, ready to make any repairs necessary. This is supported by the company's correspondence with the Department of Public Works and with the director of the Government telegraphs.

Mr. Ménos charges the company with obstructing public highways when everyone knows that the railroad is built on private right of way acquired and paid for by the company from beginning to end of each one of its lines, and that it is only in some very few places that the track crosses the public highways. Of course the building of the railroad caused some little obstruction in some of those places but this was only temporary.

Mr. Ménos further charges the company with the responsibility of the disorders in the work yards, wounding and murders, etc., etc., alleged to have been committed by the company's employees. It must be said, however, that the Government of Haiti having refused to grant to the company the authorization to organize a proper police force of its own for maintenance of order in its construction camps and the safeguarding of its track, and the Government being on the other hand, under the provision of the railroad contract, obliged to give to the company full protection for its employees, property, etc., has entirely failed to comply with this obligation.

4. Various and serious delays caused to the company by the Haitian Government's direct acts or manifest failure to comply with contract obligations cannot be denied.

Mr. Ménos, in his memorandum, indulges in a review of the difficulties which the first organizers of the original company had with the Haitian Government about the execution of the first section of the Gonaives-Hinche Railroad. The Government of Haiti well understands that the company's past history and doings up to the time of the amended contract of April 16, 1910, have nothing whatever to do with the new situation at that date created, and with the new parties brought into the company's operation by said amended agreement; therefore the present company will not make any reply to, or consider any argument or reference made to circumstances prior to the agreement of April 16, 1910, as this agreement included complete disposition of all matters arising prior thereto.

Delays or extensions of time have never been requested from the Government of Haiti by the company, by reason of circumstances chargeable to its own fault, but as arising from circumstances chargeable directly to the Government of Haiti; in other words, as cases of *force majeure*, entailing upon the company the impossibility of carrying out in the stipulated period some of its obligations, and all such requests have been so admitted by the Government; therefore it seems useless to enter into any further discussion about this matter. This much, however, the company will say. It does not in any degree consider that, under the circumstances explained, invoked or

notified from time to time to the Government of Haiti by the company, it was at any of said time liable to any penalty from which it "has benevolently been relieved by the Government of Haiti coming to its rescue". That is beyond any question.

Mr. Ménos' memorandum makes much reference to the alleged fact that the sections of railroad presented to the Government for acceptance have been all uncompleted, and presents as evidence thereof the fact that such sections were accepted "benevolently with the obligations being assumed by the company to execute certain works of completion recognized as immediately necessary, etc". This statement can only be made in ignorance of the correspondence exchanged, or through a denial of the facts prevailing at the time of the acceptance of said sections.

Such discussion has arisen because of the difference of views between the company's engineers (having large experience in railroad construction and equipment and especially in view of the contract stipulations and traffic conditions which are met in Haiti) and the various Government commissions (made up in the majority, in each instance, of openly hostile members, or of utterly incompetent officials who were not even engineers) as to what is in fact "an entirely completed and equipped railroad" built to provide for such traffic conditions as existed or can reasonably be expected to exist in Haiti.

The Government officials have rarely been able to understand that a newly constructed railroad, especially a new roadbed, notwithstanding all the care and money spent on it, never has the stability nor appearance of an old track, and that, however careful engineers may be in constructing a railroad in a country where no data is available; where the country has never been surveyed; no records kept; and no attention paid by the Government officials to the régime of rivers which often change their course after every heavy rainfall, defects in construction will sometimes develop which only can be corrected or remedied after occurrence. The Government officials have often had a tendency to argue that the commissioners sent to inspect were more competent than the engineers of the company who supervised the construction, and who usually were bent on imposing on the company, works which should properly have been executed by the Government at its own expense. This resulted in criticisms and discussions attending the acceptance of each of the sections presented for operation.

The company has finally been obliged to accept the conditions imposed or requested by the Government commissioners in order to not further delay the acceptance of completed sections. It may be interesting to review the correspondence exchanged concerning the various sections so accepted, especially Mr. Doret's report to which reference is made by Mr. Ménos. (Said documents are presented herewith for reference.)

Mr. Ménos contends that the "company,—in which are interested the National City Bank of New York, the National City Company of New York, W. R. Grace & Co., etc. etc.,—could not have been embarrassed by the delayed delivery of the \$2,000,000 of bonds for Sections 1, 2 and 3". The Minister apparently desires to convey the idea that the company being possessed of such strong financial backing, could not be embarrassed by any default of the Government of Haiti in carrying out its obligations as to the delivery of bonds and

the payment of guarantee of interest. Mr. Ménos seems not to perceive that, if the company really had such strong financial backing, the alleged nonexecution of the obligation to build certain sections of line must then arise from another cause, and certainly no other cause could be imagined therefor than what the company contends; that is, lack of security for capital invested; the perpetual state of revolution or other troubles of the country preventing the physical construction of the line; safety for the company's employees in the different parts of the country where the railroad was to be built; unjustified delays in everything where application had to be made to the Government or for which the company had to depend on facilities or protection due by the Government officials.

It is proper to call attention to the fact that Mr. Ménos is misinformed in respect of those who he says are interested in the National Railroad Company of Haiti. The latter repeatedly has explained but it may be well to repeat it again, that The National City Bank of New York never had any participation or interest in the National Railroad Company of Haiti or any other railroad construction or development proposition in Haiti. W. R. Grace & Co., of New York organized a syndicate to finance a part of the construction of this railroad, and to this syndicate one or two of the officers of the bank, strictly as individuals and as a private matter, subscribed to a small amount of the undertaking. This is the nearest approach to any connection of the National City Bank with the railroad affair.

The question of the date of August 1, 1913 for which Mr. Ménos charges the company of "wilfully trying to create a confusion" is due to an error of the typist, as the date to which the company only could have referred, consistent with the records, is February 1, 1914, and not August 1, 1913. The former is the real interest date on which occurred the first failure of the Government to pay on time the coupon due. The company contends that the delay in the delivery of the bonds relating to Sections 1, 2 and 3, coupled with the failure to pay on time the coupon due on February 1, 1914 caused the construction work on Section 4 and the surveys on the other sections to be stopped in April 1914 and not as was said, in September 1913. This is evidenced by the engineers' reports and statement of expenditures presented herewith. However, construction work was continued by the company on the extensions of Sections 1 and 3 up to June 1914. The mistake on the real dates is furthermore made evident by the fact that Section 14, from Grande Riviere to Bahun, was under construction up to November 1913, and was not accepted until December 5, 1913.

Mr. Ménos refers next to the "inability of the company to perform the obligations devolving upon it and particularly Article XI of the contract of April 16, 1910". It already has been pointed out that Mr. Ménos pretends that the company's financial backing was such that it could not suffer any embarrassment from the failure of the Haitian Government to fulfill its most solemn and most important obligations which were calculated to offer inducement for the investment of capital in the railroad and a positive guarantee for the remuneration of said capital. Mr. Ménos cannot be ignorant of the primary conditions required for the investment of capital anywhere in the world and by all financial organizations making appeal to public credit; but, admitting the company had the financial means

to carry out its obligations, what then prevented it from so doing and forced it to "put up a bluff" as Mr. Ménos does not hesitate to qualify the action of the company in notifying to the Government the circumstances which forced it to stop everything in the presence of what was undoubtedly the most positive and unjustified threat to foreclose its concession; a most arbitrary act of the Government of Haiti.

Mr. Ménos gives here another evidence of the strange state of mind of the Haitian officials by referring to the "benevolence of the Government which so frequently saved the company". Strange benevolence indeed when one goes over the long train of hardships and grievances and defaults and delays which the company has had to suffer and to submit to so long!

5. The company must decline to enter into any discussion with Minister Ménos further in respect of the obligation of the Haitian Government to pay the interest and sinking fund charges on the bonds issued by the railroad company as provided for in the contract of concession and under the direct authorization of the Haitian Government. The guarantee of the Haitian Government inscribed upon each bond speaks for itself. This guarantee promises to pay both the interest and sinking fund charges on the various dates on which they shall become due. There is no vagueness in this guarantee and no room for discussion of its intent or meaning.

6. The company, having gone over the allegations contained in Mr. Ménos' memorandum at some length, does not consider it necessary to discuss any further the groundless assertions contained in the final paragraph of the memorandum. One observation, however, is necessary. Mr. Ménos says that,

even if the company had been confronted with uncontrollable accidents or the nonfulfilment of an obligation on the part of the Government, it would not have been warranted either in abstaining from notifying the Department of Public Works within the sixty days stipulated in Article VII of the Contract of 1910 of the exceptional circumstances apt to justify a further extension, or in deciding on its own authority to relieve itself of all its engagements.

Mr. Ménos' statement seems inconsistent in view of the very positive act notified both to the Department of Public Works and to the Administrator of Finance of Port au Prince, by a bailiff, in the name and on behalf of the company, on the 16th of September 1914, copy of which is submitted herewith. And further, the company repeats and maintains positively that in practically every instance, the company's officials in Haiti did, by letters to the Department of Public Works or Finances respectively, from time to time as they arose, give notification of the various grievances, delays, nonfulfilment of obligations detrimental to the company or interfering with the execution of its works, thereby preventing the fulfilment in the time stipulated, of some of its obligations.

There can be no doubt that what the contract refers to by this delay of sixty days for such notifications, concerns facts and occurrences which could not be directly chargeable to the Haitian Government or its officials, and it is necessary to consider that in fact such occurrences and disturbances constituting cases of *force majeure* had been almost continuous up to September 1914 when the present difficulties occurred between the Government and the company, and thereafter continued in the Republic of Haiti without cessation up to

the intervention of the United States. Under these conditions it was necessary to wait until they were ended to give such notification to the Government of Haiti.

The company did, in the beginning, notify the Government of the circumstances of *force majeure*, requesting some extension of time, but it considered it useless to do that later on, as there seemed to be no expectation of obtaining any just appreciation of the situation by the Government officials.

The question of forfeiture of the concession and proceedings carried on against the company's concession are unjustified and in violation of the company's concession and rights.

Appended herewith for consideration is the opinion of two eminent lawyers of Haiti on this question, Mr. Edmond Lespinasse, former Secretary of State of Finances and Foreign Affairs, and Mr. Etheart, former Dean of the Bar and Professor in the Law School of Port au Prince.

But after all, and even going to the extreme, let us suppose for an instant that the company did really incur foreclosure or the forfeiture of its concession, what effect could that have on the concession as far as the Government is concerned? Surely that would not liberate the Government from the complete fulfilment of the obligations arising out of the contract. The concession, being put up at auction and sold to the highest bidder, would merely change hands; but such procedure would in no way relieve the Government from any of its contract-obligations. For it must be remembered that forfeiture does not cancel the concession nor change its general conditions (except perhaps as to the time for the construction which would have to be extended so as to suit the conditions under which the purchaser would take over the property and resume construction work).

In other words, forfeiture is not a penalty provided or intended to cancel the obligations of the Government resulting from the conditions of concession, but merely a procedure whereby the concession is taken away from a party unable to fully execute it, in order to transfer it to some other party in a position to fully carry out the provisions of the concession, as it stood at the time of the forfeiture (works already executed, works yet to be executed, material, etc.).

The company therefore reiterates in the most positive manner that it has not committed or omitted acts under its concession rendering it liable to the penalty of foreclosure; that from the commencement of the work in April 1911 the company had, for its own welfare, every incentive to prosecute the work of construction with all possible speed, and that it did so prosecute with all its energy the construction of the railroad so far as possibly it could in view of more or less continual conditions of revolution and obstructive tactics of Government officials, all constituting cases of *force majeure*; that the company duly notified to the proper officials of Government these acts of *force majeure* as from time to time they occurred, but in almost every instance the Government officials failed to respond with the military or police protection or other observations of the terms of the concession.

The railroad company today is entitled to receive from the Haitian Government a sum representing the semiannual interest payments upon the bonds issued by the railroad company under the authorization of the Haitian Government, for a period of two and one-half

years together with accrued interest thereon; it has suffered damages to its property aggregating a large amount of money for which it is entitled to receive compensation; it has had, because of various acts of recent Governments of Haiti, to stop its construction work and disorganize its operation of such portions of the road as have been constructed; and it is to the settlement of these matters that the company respectfully requests the prompt attention of Minister Ménos who has been charged by his Government with the settlement of these affairs.

Respectfully submitted.

NATIONAL RAILROAD COMPANY OF HAITI,
By R. L. FARNHAM, *President*

File No. 838.77/156

The Secretary of State to Minister Blanchard

[Telegram--Extract]

DEPARTMENT OF STATE,
Washington, January 17, 1917, 5 p. m.

Your January 11, 11 a. m. Department understands that French bondholders are about to commence foreclosure proceedings and can only be prevented by the statement that the railway question will be immediately taken up and decided. Railroad officials believe that if Ruan is authorized to deal directly with representatives of the railroad they may prevail upon the French bondholders to defer foreclosure. In view of the fact that the Haitian Government stated that Ménos was authorized to settle the question for it in conference with representatives of the railroad, the Department feels that there is no necessity for umpire and desires appointment of Ruan with full powers to settle this question as outlined in Department's January 2, 5 p. m. * * *

LANSING

File No. 838.77/157

The Minister of Haiti to the Division of Latin American Affairs

[Translation]

LEGATION OF HAITI,
Washington, January 23, 1917.

DEAR MR. STABLER: I take great pleasure in delivering herewith to you two copies of a supplemental note on the controversy pending between the Haitian Government and the National Railroad Company of Haiti. One is intended for the Department of State and I beg you to forward the other to the company's representative in New York.

As I told you yesterday I received instructions, dated December 28, 1916, from my Government last week which enable me to carry on negotiations with the company without again referring to Port au Prince.

Be pleased [etc.]

SOLON MÉNOS

[Inclosure—Translation]

SUPPLEMENTAL REMARKS CONCERNING THE NATIONAL RAILROAD COMPANY OF
HAITI

It appears from the discussion carried on in October 1916 over the controversy between the Haitian Government and the National Railroad Company of Haiti that the parties in the case are agreed in principle on: 1st, reducing the length of the Port au Prince-Cape Haitien, Gonaives-Hinche-Gros Morne lines; 2d, staying the foreclosure proceedings instituted against the company; 3d, paying the company its claims for transportation, requisitions, and loan of implements.

As to its claim for damages it seems to have attached importance solely to facts and circumstances pleaded from time to time with the one object of obtaining numerous extensions of time and of standing off forfeiture. At any rate a compromise implies reciprocal concessions.

There remains in truth but one difference: the interpretation of Article 12 of the specifications annexed to the Concession Contract of September 12, 1906.

I. The company admits that the exemption from customs duties stipulated by that article must be confined to the case for which it is made, but agrees that its claim in this respect is conformable to the meaning of the stipulation of the concession. It is easily seen that the company is merely begging the question, for the point is to know whether food, drugs, fodder, horseshoes, etc., are indispensable for the construction, operation and maintenance of the railway. That there is no direct necessary connection between those commodities and a railway is not open to question. If the company sees fit to undertake to feed, clothe and shelter its employees and to purchase what it needs therefor abroad and not in Haiti, it makes it its affair and cannot believe in earnest that this special arrangement with its employees possesses the virtue of making the above-mentioned articles requisites of the railway.

The truth is that the word *approvisionnement* has, in connection with public works, a technical meaning different from its acceptance in ordinary parlance. It applies to material, or fuel, or oils and lubricants. Article 10 of the specifications attached to the contract made with R. Deetjen on July 10, 1891, for the construction and operation of a railway from Port au Prince to Gonaives so declares in positive terms: "The *approvisionnements* intended for the operation, understood to be coal, machine oil and tallow, may be imported free of duty." Article 13 of the Léogane aux Cayes Railway Contract and Article 9 of the annexed specifications dated March 29, 1911, are just as explicit. (See the *Traité des Travaux Publics* of Albert Christophle and the specifications adopted in France. See also Art. 35 of the specifications of September 11, 1893, for the Cape Haitien-Gonaives Railway, Art. 8 of the Deetjen Contract; Art. 11 of the illumination contracts made November 9, 1891, June 12, July 26 and September 14, 1894; Art. 10 of the specifications with the National Railroad Company of Haiti; Art. 9 of the Port au Prince-Aux Cayes Railway Contract and Art. 12 of the annexed specifications dated August 27, 1906; Art. 17 of the Illumination Contract of St. Mare dated September 7, 1906.)

Furthermore the very content of Art. 12 under consideration shows that it contemplates not articles of food but all appliances and supplies such as material, machinery, tools, cars, fuel, oils, lubricants, that is, all that is directly and necessarily connected with the construction, operation and maintenance of the railway.

And again even though the language of the article may be obscure or equivocal, the doubt cannot be dispelled in favor of the company since it bears on an exceptional clause which it stipulated in its own interest.

II. In regard to the tonnage dues, they are classed by the law of September 4, 1905 in the category of dues bearing on the hull of the vessels. It cannot in any way imply that vessels, instead of continuing to pay the dues according to their gross tonnage, will pay in proportion to the imported merchandise. This modification in favor of the vessel does not alter the nature of the dues; it only affects the mode of appraisal, for the same persons are subject to it under the law as they were before. The dues are to be paid by the vessels which also pay the semaphore, pilot, health, water and entry dues. And it goes without saying that in collecting freight, they also bring those various dues into the account and that whether these dues be rated according to their gross tonnage or to the bulk of the merchandise imported by them, the freight is always determined by weight or measurement. And for that reason bills of dues payable by the vessels are not made out in the name of the importers but in none other

than that of the steamship agents or consignees of the vessels who are responsible under Article 117 of the said customs law because they represent the vessel. The consequence is that the company is not exempted from the tonnage dues any more than from the semaphore and other dues reckoned according to the gross tonnage of the vessels.

It is further proper to add that whenever the Haitian Government was willing to grant exemption from tonnage dues, it did so in express terms as shown in Article 10 of the specifications of the Cape Haitien-Grande Rivière Railway, dated September 1, 1898, which reads as follows: The material, machinery, tools, all implements required for the construction, operation and maintenance of the railway as well as the ships bringing the same are exempted from all customs duties and dues, except those which already come under a special concession.

The same preciseness is found in the instruments hereinbelow named: Contract of 1890 for the laying of the system of telegraphic land lines, Art. 14;—Lanoue Sterlin Contract of September 25, 1891, Art. 4;—d'Aubigny and Co. Contract of December 18, 1891, Art. 16.—Osson Contract of September 28, 1892, Art. 4;—T. Auguste Contract of July 18, 1891, Art. 4;—L. Laroche Contract of June 8, 1893, Art. 9;—Rinchère Contract of July 26, 1894, Art. 3;—H. Blanchet & Co. Contract of August 1, 1894, Art. 4;—Acluche Contracts of August 2, 1894, Articles 4 and 6;—Contract of August 21, 1890, for the exploitation of Gonave, Art. 5;—Contract of July 12, 1900, with the Northern Railway Company, Art. 6;—specifications of the Port au Prince-L'Etang Railway dated May 23, 1899, Art. 10;—Contract of September 5, 1906, of the G. C. S. Railway Company, Art. 6;—Contract of August 29, 1906, of the Cape Haitien-Ouanaminthe Railway, Art. 10, amended specifications, Art. 12;—Durosier Contract, August 14, 1909, Art. 3;—Boucard Contract of July 16, 1910, Art. 5;—M. Sylvain Contract of August 14, 1909, Art. 3.

File No. 838.77/158

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, January 22, 1917, 11 p. m.

Your January 17, 5 p. m. received January 19 and instructions complied with twentieth. The following reply of the Haitian Government received today:

[Translation]

I have had the honor to receive on Saturday January 20 the letter of the same date that your excellency addressed to me to transmit to me the instructions which you had received from your Government relative to the litigation existing between the Haitian Government and the National Railroad Company.

The sincere desire and the firm will of the Government of Haiti to settle definitely this litigation cannot be put in doubt.

It is absolutely correct that Mr. Ménos has had instructions to negotiate an arrangement and the delay of which the Government of the United States complains is justified by the fact that the National Railroad Company, having recommended the project of arrangement proposed by Mr. Ménos, by virtue of instructions our Minister at Washington was compelled to refer to us; the claim of the company not being acceptable to the Haitian Government, the latter then thought the best method in which to settle everything was to require the enlightened opinion of Financial Adviser Ruan and Engineer Oberlin. The Government had already caused to be prepared the reports and documents indispensable for the facilitation of the work of Messrs. Ruan and Oberlin, when suddenly the latter was called to the United States. The Haitian Government requested a delay from the American Government in order that Mr. Oberlin might prolong his sojourn in Haiti; but this request was not favorably received according to what your excellency advised me by your letter December 19 last. It was then that the American expert who appeared necessary for the complete examination of the question failing us, the Government with the single aim of hastening the resumption of the negotiations at Washington, thought that it must renounce

the consultation which it had had in view, and under December 28, 1916, transmitted to Mr. Ménos the text of an arrangement to be proposed to the National Company under the good offices of the Department of State.

It results from these facts, Mr. Minister, that the delay which the settlement of the litigation has encountered, can only be charged to circumstances, and that it would be excessive to suspect on this occasion the good faith of any one of the interested parties.

In conclusion, and to furnish fresh proof, both of the high interest which we attach to arriving at solution at the earliest possible moment, as well as for our respect for contracts entered into by the State, the Government of the Republic, in conformity with the provisions of Article 7 of the Contract of Concession of September 12, 1906, the article relative to arbitration [apparent omission]:

First, to give full powers to the Financial Adviser to settle with the arbitrator of the National Railroad Company the disputed questions pending between the parties; and second, to recognize that the Haitian Government cannot be otherwise than be bound by the powers conferred upon Mr. Ruan [apparent omission], by virtue of a contract of concession of the railroad, a contract which none of the parties is supposed to want to violate or annul.

And finally, to avoid from now on any possible misunderstanding, it is of moment, to draw the attention of your excellency's Government to this fundamental consideration, that if the American Government, renouncing henceforth the exercise of its good offices, presented the question of the railroad company as a claim in favor of an American company, it would yet be necessary to refer to Article 12 of the Convention of September 16, 1915, relative to the settlement of direct claims, which prescribes that "the Haitian Government agrees to execute with the United States a protocol for the settlement, by arbitration or otherwise, of all pending pecuniary claims of foreign corporations, companies, citizens or subjects against Haiti".

BLANCHARD

File No. 833.77/157

The Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, January 27, 1917, 5 p. m.

Your January 22, 11 p. m. You will inform Government of Haiti that Government of United States has noted with pleasure and satisfaction its expressions of desire to settle definitely the outstanding differences with the National Railroad Company and that Minister Ménos has informed the Department that he has received instructions to continue his conferences in Washington with representatives of the railroad company looking toward a definite conclusion of this question and that if any point in controversy remains unsettled after conclusion of these conferences it will be referred to Mr. Ruan who will act as sole arbitrator with definite powers to settle any points placed before him.

The Government of the United States in its desire to see this long-standing question settled will still lend its good offices to the further conferences in Washington between Minister Ménos and the representatives of the railroad company on the understanding that the decision by Mr. Ruan upon such points as may be presented to him for settlement, shall be binding.

Immediately upon receipt of this cablegram see Minister for Foreign Affairs and have him confirm Department's understanding.

LANSING

File No. 838.77/160

Minister Blanchard to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Port au Prince, January 31, 1917, noon.

Your January 27, 5 p. m. complied with 29th by note delivered to Minister for Foreign Affairs who, after conference, seemed favorable to desired confirmation but stated he would have to place the matter before the council and would give me a definite reply next day.

This morning he stated that council had favored the proposition in principle but to avoid any misunderstanding he had cabled to Ménos yesterday evening and on receipt of answer would reply to Legation's note.

BLANCHARD

File No. 838.77/161

AMERICAN LEGATION,
Port au Prince, February 2, 1917, noon.

Your January 27, 5 p. m. My January 31, noon. Minister for Foreign Affairs confirms Department's understanding in note just received as follows:

[Translation]

In reply to your excellency's letter dated January 29 last, relative to the affair of the National Railroad Company, I have the honor to confirm here that which has been settled in our last conference, to wit, that Mr. Solon Ménos has been authorized to continue his conferences with the representative of the company under the good offices of the Department of State and that any question which could not be settled in these conferences would be submitted to the final decision of Mr. Ruan, who would thus act with the powers of an umpire (*surarbitre*).

BLANCHARD

File No. 838.77/163

The Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, March 1, 1917, 4 p. m.

Your February 2, noon. On February 15 agreement on principal points reached between Ménos and Farnham in National Railroad Company dispute. Copy of agreement as well as list of unsettled points to be referred to Ruan as umpire go forward by mail instructions.

In order to facilitate settlement of question Department offered to exert its diplomatic good offices in bringing before Government of Haiti two points, which were considered as being outside of matters under discussion, in which railroad company was greatly interested and wished to have Haitian Government settle at earliest possible moment. These points are as follows:

First: The affixing of the signature of the Minister of Finance of the Republic of Haiti, or his designate, to the guarantee of the Haitian Government inscribed upon bonds of the *Compagnie Nationale des Chemins de Fer d'Haiti* to an amount of \$44,600 which

were duly authorized by the Haitian Government in June, 1914, to be issued upon 2.23 kilometers of principal track constructed and put in operation in May 1914. Second: the payment of the six semi-annual coupons now in default, together with accrued interest thereon, upon the authorized outstanding bonds of the Compagnie Nationale des Chemins de Fer d'Haiti at the earliest date upon which the Financial Adviser shall have available for such purpose funds of the Government of Haiti. Instructions have been given to the secretary of the railroad company at Port au Prince to place at the disposition of the American Minister and of the Financial Adviser all documents and information concerning both the acceptance by the Haitian Government of the 2.23 kilometers of track, and concerning the defaults upon the bonds of the railroad company both as above referred to.

You will present these two matters to Government of Haiti stating that this Government is confident that the Government of Haiti will give them immediate attention and issue instructions at the earliest possible moment for the signature of the bonds and that the question of the payment of the interest on the railroad bonds will be taken up as soon as possible.

You will also give a paraphrase of this cable to the Financial Adviser for his information and state to him the importance of early settlement of these two matters presented by railroad company.

LANSING

File No. 838.77/163

The Secretary of State to Minister Blanchard

No. 115

DEPARTMENT OF STATE,
Washington, March 2, 1917.

SIR: With reference to the Department's cable of March 1, 4 p. m., you are informed that on February 15, 1917, an agreement was reached by Minister Ménos, representing the Government of Haiti, and Mr. R. L. Farnham, the National Railroad Company of Haiti, on the principal points in dispute regarding the railroad matter. A copy of the agreements, a list of the points¹ to be submitted to the Financial Adviser for the Government of Haiti and a copy of a communication from Mr. Farnham, dated February 16, 1917,⁴ are enclosed herewith, for your information.

In order to expedite the settlement of this entire question the Department offered to use its good offices in bringing before the Haitian Government two points which were considered as being outside of the general discussion, but in which the railroad company is greatly interested and which it desires to have settled at the earliest possible moment by the Haitian Government. These two points are set forth in detail in the letter of Mr. Farnham above referred to, and you are instructed to present them without delay to the Government of Haiti. You will state in this connection that the Government of the United States is confident that the Government of Haiti will give these matters prompt attention, and that it will issue proper instructions at the

¹Printed ante. See Department's telegram of March 1, 1917, 4 p. m.

⁴Not printed.

earliest possible moment for the signature of the bonds. You will also ask that the Government of Haiti take up as soon as possible the question of the payment of the interest on the railroad bonds.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

[Inclosure]

Between the undersigned, 1. The Government of the Republic of Haiti, represented by M. Solon Ménos, its Envoy Extraordinary and Minister Plenipotentiary at Washington on the one part;

2. The Compagnie Nationale des Chemins de fer d'Haiti, represented by Mr. R. L. Farnham, its president, on the other part;

Both parties desiring to bring to an end all the differences and litigations now existing between them, it is agreed:

Art. 1. The Compagnie Nationale des Chemins de fer d'Haiti agrees to change the location of the main line of the railroad between St. Marc and Bahon,—the present terminals—from that set forth in the concessionary contract of the railroad to a more direct and shorter route.

Art. 2. The definite location of the new route between St. Marc and Bahon shall be determined by a commission of engineers, one appointed by the Government of Haiti and one by the railroad company, and such questions as this commission shall be unable to agree upon shall be submitted to an engineer named by the Government of the United States whose findings shall be accepted by both parties hereto as final. This commission shall consider and determine all questions concerning the location and establishment of the new line and the time of completion of the same, subject to circumstances constituting *force majeure* which term, considering the extraordinary conditions prevailing in all manufacturing and transportation industries shall comprise delays in the construction of the new line caused by inability, duly established, to obtain deliveries of necessary material or delays in the shipment of the same. Should the United States become involved in war with another power such a contingency shall be considered a condition of *force majeure* and the railroad company shall suffer no penalty whatsoever for such delays in the prosecution of construction as may result therefrom.

The work of construction of the new located line connecting St. Marc and Bahon shall be commenced within four months from the date of the final determination of the commission of engineers or the third engineer in respect to the definite location and other details concerning the change of route as set forth herein.

Art. 3. The company withdraws its demand for compensation on account of increased cost of construction of the line over the modified or changed route.

The company, while reserving all existing rights of route and construction provided by said contract covering the present location of the line between St. Marc and Bahon, with the view of constructing all of such portions of the original line at such future time as may be agreed upon between the parties hereto, also withdraws its demand for compensation on account of the loss of construction profits that would result from the immediate execution of the said contract.

Art. 4. The Government of Haiti declares that it abandons, and hereby does abandon the foreclosure proceedings instituted against the company.

Done in triplicate at Washington the 15th of February, 1917.

SOLON MÉNOS
R. L. FARNHAM

No. 838.77/170

Minister Blanchard to the Secretary of State

[Extract]

No. 136

AMERICAN LEGATION,
Port au Prince, April 30, 1917.

SIR: Referring to the Department's cable of March 1, 4 p. m., and to the Department's instruction No. 115 of March 2, 1917, in regard to the differences between the Government of Haiti and the Com-

pagnie Nationale des Chemins de Fer d'Haiti, I have the honor to forward herewith copy of a note addressed by this Legation to the Foreign Office under date of March 8, 1917, as well as copy and translation of the reply thereto dated April 23, 1917.

As you will observe, the Minister for Foreign Affairs states, in the above reply, that the Council of the Secretaries of State decided on March 15, 1917, that the railroad company is not entitled to the interest guaranteed because the company had voluntarily suspended operating during the period corresponding to that guarantee, and that by its fault it had incurred foreclosure which had been legally declared; and that with respect to the bonds for the 2K230m., the signature is subordinate to the acceptance by the railroad company of the agreement signed between the Haitian Minister at Washington and Mr. Farnham on the 15th of February last.

In this connection I have the honor to report that pursuant to my note of March 8, I had two interviews with Mr. Borno, the then Minister of Foreign Affairs, to press the points at issue, the result of which was that I was given to understand that the bonds would be signed and that as to the payment of the six semiannual coupons now in default, there was under consideration a proposition, as a solution of this point, to extend the concession of the Compagnie Nationale des Chemins de Fer d'Haiti for a period equivalent to that during which payment had not been made. Mr. Borno stated that he looked forward to the Legation's good offices in having this matter presented to the railroad company, to which I agreed.

I advised Mr. Charles Dupuy, the representative of the railroad company here, of the above, which, later on, he informed me had been confirmed to him by Mr. Borno to whom he had remarked that this solution could not be a satisfactory one to the present bondholders, for the reason that they would not receive the interest due them.

I have [etc.]

A. BAILLY-BLANCHARD

[Inclosure 1]

Minister Blanchard to the Minister of Foreign Affairs

No. 136

AMERICAN LEGATION,
Port au Prince, March 8, 1917.

MR. MINISTER: The Department of State informs this Legation that the Haitian Minister in Washington and the representative of the Compagnie Nationale des Chemins de Fer d'Haiti have agreed upon the principal points of the differences between the Haitian Government and the railroad company, that a list of unsettled points to be referred to Mr. Ruan, as umpire, has been forwarded by mail, and that as to the two points which were considered as belonging outside of matters under discussion, the Department, in order to facilitate the settlement of the question, offered to exert its diplomatic good offices in bringing the same before the Haitian Government.

In consequence, acting under instructions from the Secretary of State, I have the honor to present, for the favorable consideration of your excellency's Government, the above-mentioned two matters, which are, (1) the affixing of the signature of the Minister of Finance of the Republic of Haiti, or his designate to the guarantee of the Haitian Government inscribed upon the bonds of the Compagnie Nationale des Chemins de Fer d'Haiti to an amount of \$44,600.00 which were duly authorized by the Haitian Government in June 1914, to be issued upon 2.23 kilometers of principal track constructed and put in operation in May 1914; and (2) the payment of the six semiannual coupons, now in

default, with accrued interest thereon upon the authorized outstanding bonds of the Compagnie Nationale des Chemins de Fer d'Haiti at the earliest date upon which the Financial Adviser shall have available for such purpose funds of the Government of Haiti.

My Government is confident that the Government of Haiti will give these matters immediate attention and will issue instructions at the earliest possible moment for the signing of the bonds, and will take up as soon as possible the question of the payment of the interest on the railroad bonds.

Be pleased to accept [etc.]

A. BAILLY-BLANCHARD

[Inclosure 2—Translation]

The Minister for Foreign Affairs to Minister Blanchard

MINISTRY FOR FOREIGN AFFAIRS,
Port au Prince, April 23, 1917.

MR. MINISTER: By a letter of the 8th of March last, addressed to the Department of Foreign Affairs, your excellency asked, in conformity with instructions from the Secretary of State, that the following points, related to the affair of the Compagnie Nationale des Chemins de Fer d'Haiti, be examined:

1st. The signature of the Government of Haiti on the bonds amounting to \$44,600 relative to the construction of 2K230m. of road completed at Port au Prince and at St. Marc;

2d. The payment of six coupons of guarantee of interest plus the interest in arrears.

In reply, I have the honor to inform your excellency that the Council of the Secretaries of State has decided in their sitting of the 15th of March, that the guarantee of interest is not due to the Compagnie Nationale des Chemins de Fer d'Haiti, because it voluntarily stopped the traffic in the course of the period corresponding to this guarantee and that, by its own fault, it has incurred the foreclosure which has been legally pronounced.

In regard to the bonds relative to the 2K230m., the signature is subordinate to the acceptance by the company of the agreement signed between Mr. Solon Ménos and Mr. Farnham at Washington the 15th of February last.

Please accept [etc.].

FURCY-CHATELAIN

File No. 838.77/176

The Secretary of State to Minister Blanchard

[Telegram]

DEPARTMENT OF STATE,
Washington, December 4, 1917, 4 p. m.

Your November 20, noon. Your despatch April 30, No. 136, enclosure 1. Again present matter of signature and delivery of bonds, to the end that this be accomplished without further delay.

LANSING

File No. 838.77/177

Minister Blanchard to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Port au Prince, December 19, 1917, 11 a. m.

Your December 4, 4 p. m. The Government has authorized Minister of Finance to attach his signature to and deliver bonds which are now being signed.

BLANCHARD

HONDURAS

MESSAGE OF THE PRESIDENT, FRANCISCO BERTRAND, TO THE CONGRESS

File No. 815.032/15

Minister Ewing to the Secretary of State

[Extract]

No. 391

AMERICAN LEGATION,
Tegucigalpa, January 2, 1917.

SIR: I have the honor to report that the Honduran National Congress convened yesterday, New Year's Day, for its opening session at two o'clock in the afternoon, and that all the Deputies with the diplomatic and consular corps listened attentively to the reading by the President of his message.

At a little before two o'clock the large hall was crowded with visitors who held entrance cards and at the appointed hour President Bertrand arrived, escorted by the Ministers of his Cabinet, while the assembly arose and remained standing during the playing of the Honduran national anthem. Thereafter President Bertrand read his message and I have the honor to enclose a copy of the address, in duplicate.

President Bertrand spoke of the actual friendly relations between the Central American Republics, due to the frankness and fairness with which all international questions were discussed, but made practically no mention concerning Mexican affairs nor the European war. The boundary disputes with Guatemala and Salvador were but briefly mentioned and their early solution was forecasted in an optimistic line of thought.

On the whole the message is a well written report of what has taken place during the past year and unquestionably made a very favorable impression on all who heard it.

I have [etc.]

JNO. EWING

[Inclosure—Extract—Translation]

Both the Court of Justice and the International Office of Central America are performing their duties as regularly as may be desirable, each one of those important institutions fulfilling its respective fruitful mission.

Owing to its nature and importance and to its having been the subject of wide publicity the treaty which, under the name of Bryan-Chamorro, was concluded by the Government of Nicaragua with that of the United States of America on August 5, 1914, is well-known; and in connection with that treaty the Government of Salvador, seeing a direct and serious menace to its rights and interests in the power conferred therein to establish a naval base in the Gulf of Fonseca, instituted action against the Government of Nicaragua on August 14, 1916, before the Central American Court of Justice, the main purpose of which being that the defendant should refrain from carrying out the said convention.

The action was primarily based on the right of joint dominion which the Salvadorean Government means to exercise in the waters of the Bay of Fonseca, the Government of this Republic sent a protest to the first named and to the Central American Court of Justice in order to protect the rights which belong to Honduras over the islands and waters of the Gulf, bearing in mind that the adjacent territorial sea which, in accordance with the universal doctrine and our domestic law, is nothing but a continuation of the national territory, subject, therefore, to the exclusive sovereignty of the State.

The Government, jealous and mindful of all that tends to guarantee the interests of the nation, hastened to instruct its Minister accredited at Washington to lay before the American Government the rights which Honduras holds on the Gulf of Fonseca and to object to the treaty then being negotiated between the United States and Nicaragua whenever any of its provisions should invade such rights or in any way affect the sovereignty and independence of this Republic.

The American Senate, owing to the protest entered by Costa Rica, Honduras and Salvador, added the statement that it is not intended to affect any existing right of any of the said states.

The Central American Court of Justice is engaged in carrying on the proceedings and study of the matter above referred to and it is expected that its decision will shortly be known.

Our relations with the United States of North America and the other Republics of the continent that have always been frank and loyal are feeling the beneficent influence of the spirit of Pan Americanism which happily animates the peoples and Governments and is given expression in international acts and practices of the highest significance and consequence in the various branches of political and social existence.

This Government received an invitation to take part in the scientific congress which met in Washington in December, 1915, and accepted with the greatest pleasure that very important invitation, appointing two representatives, Doctors Don Fausto Dávila and Don Carlos Alberto Uclés, one of the main results of the congress being the establishment of the Institute of International Law whose ends are marked with the utmost importance.

**BOUNDARY DISPUTE BETWEEN GUATEMALA AND HONDURAS.
TENDER OF GOOD OFFICES BY THE UNITED STATES. ACCEPT-
ANCE BY GUATEMALA AND HONDURAS.**

(See Guatemala)

ITALY

IMPRESSMENT OF AMERICAN CITIZENS IN THE ITALIAN ARMY¹

File No. 365.117/490

Ambassador Sharp to the Secretary of State

No. 5028

AMERICAN EMBASSY,
Paris, January 8, 1917.

SIR: I have the honor to transmit herewith a copy and translation of a note from the Ministry for Foreign Affairs, informing me that a safe-conduct will be accorded Frank Ghiloni to cross France *en route* to the United States.

This information has been conveyed to you in my telegram No. 1781 of the 2d instant.²

I have [etc.]

WM. G. SHARP

[Inclosure—Translation]

The Ministry for Foreign Affairs to Ambassador Sharp.

PARIS, January 4, 1917.

MR. AMBASSADOR: On December 11 last, your excellency was pleased to request me to grant Mr. Frank Ghiloni, an American citizen, authorization to cross France *en route* from Switzerland to America.

I am glad to inform your excellency that the competent authorities have just authorized the interested party to cross the territory of the Republic, via Lyons and Bordeaux, to embark for the United States of America.

I would be much obliged if you would kindly indicate the date of the arrival at Berne of Mr. Ghiloni in order that necessary instructions may be given with a view to the visa of his passport.

Kindly accept [etc.]

For the Minister and by authorization,
The Minister Plenipotentiary, Director:
GAVARRY

File No. 365.117/451

The Secretary of State to Ambassador Page

No. 469

DEPARTMENT OF STATE,
Washington, January 9, 1917.

SIR: The Department has been informed by Mr. Ernest D. Reynolds, of Raton, New Mexico, that Hannibal Donati, who was born in Italy on February 1, 1887, emigrated to the United States with his father on June 17, 1899, claims citizenship through his father's naturalization in the County Court of Huerfano County, Colorado, on October 11, 1904, and returned to Italy in November, 1913, for the purpose of visiting his former home and relatives in Italy, was

¹Continued from For. Rel. 1916, p. 393.

²Not printed.

impressed into the Italian Army about two months prior to the time when Italy became involved in the present war in Europe, his military address being as follows: "4e Regg a Gemio, 14e Comp Pantere # amata. Zona a Genea."

Inasmuch as it appears that Hannibal Donati has been prevented from returning to the United States by reason of an unforeseen and controlling exigency, and as he was impressed into the Italian Army, you will please inform the appropriate Italian authorities in regard to his claim to American citizenship and request that he be permitted to return to the United States.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 365.117/492

The Secretary of State to Ambassador Page

No. 480

DEPARTMENT OF STATE,
Washington, February 7, 1917.

SIR: With reference to your despatch No. 597 of December 14, 1916, concerning the citizenship and impressment into the Italian army of Vito Messino, there is enclosed herewith for the information of your Embassy and the Italian Foreign Office a copy of a letter of January 31, 1917, from Mr. Harry Heher, attorney-at-law, No. 301-302, Commonwealth Building, Trenton, New Jersey.² It will be observed from the statements made by Mr. Heher that Mr. Nicholas Messino, of Trenton, New Jersey, believes that the Francesco Messino, who is now serving in the Italian Army and is inscribed in the recruiting lists as being from the Comune of Genoa, is his son, who, however, was born at Trenton, New Jersey, on May 9, 1889, instead of in New York City on May 24, 1892, as stated in the note from the Foreign Office. It is also stated in Mr. Heher's letter that the name of the mother of Vito, or Francesco, Messino was Petrocelli Teresina, and that she was born in Sarconi, Italy. There is also included in Mr. Heher's letter a statement in regard to the reasons why the young man in question is now known as Frank, or Francesco, Messino.

You will please inform the appropriate Italian authorities in regard to the statements made by Mr. Heher, and ask that a further investigation be made.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 365.117/497

Minister Stovall to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Berne, February 16, 1917.

Frank J. Ghiloni left Berne, January 31, for Bordeaux to embark United States. I have requested Consul Bordeaux to report by telegraph.

STOVALL

²Not printed.

File No. 365.117/507

The Secretary of State to Ambassador Page

[Extract]

No. 497

DEPARTMENT OF STATE,
Washington, March 6, 1917.

SIR: The Department has been informed by the Honorable John J. Eagan, a Representative in Congress from the State of New York, that Domenico Andreaccio, of 501 Grand Street, Hoboken, New Jersey, and an interpreter in the employ of this Government at Ellis Island, New York, desires to have arrangements made to enable his son, Guglielmo (William), who has been studying at the "Nazionale Convitto," Potenza, Province of Basilicata, Italy, for some time, to return to the United States to reside with his father. The Department has been furnished with documentary evidence showing that Guglielmo Andreaccio was born at Hoboken, New Jersey, on February 13, 1898, and that his father, Domenico Andreaccio, obtained naturalization as a citizen of the United States in the Court of Common Pleas of Hudson County, New Jersey, on March 2, 1892. It appears that the young man has written his father that he has been summoned to report for military service in the Italian Army at the close of his school term in March, 1917. It further appears that the young man may be communicated with in care of Mr. Alfredo Tramutoli at Potenza, Province of Basilicata, Italy.

Inasmuch as the citizenship of Guglielmo Andreaccio has been established to the satisfaction of the Department, you will please present the facts in the case to the appropriate Italian authorities and ask that he be released from the performance of military service in the Italian Army and permitted to return to the United States. You are authorized to issue an emergency passport to the young man to enable him to leave Italy and return to the United States to reside with his father, who appears to be domiciled in this country.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 365.117/506

No. 498

DEPARTMENT OF STATE,
Washington, March 6, 1917.

SIR: Referring to your undated telegram No. 733 received by the Department, November 17, 1916,³ and previous correspondence concerning the refusal of the Italian Government to release Joseph Nicholas Orocchi from the performance of military service in the Italian Army, you are informed that the Department is in receipt of a letter of February 27, 1917, from Representative John J. Eagan, of New Jersey, in which he communicates the request of Mr. Orocchi's relatives in this country that the Italian Government be asked to assign him to a hospital or ambulance corps.

You will please present this request to the Italian Government and report the result.

I am [etc.]

For the Secretary of State:
FRANK L. POLK³For. Rel. 1916, p. 427.

File No. 365.117/533

Ambassador Page to the Secretary of State

No. 647

AMERICAN EMBASSY,
Rome, March 19, 1917.

SIR: Referring to Department's instruction No. 469 of January 9, 1917, directing the Embassy to endeavor to obtain permission for the return to the United States of Annibale Donati, born in Italy February 1, 1887, I have the honor to enclose herewith the translation of a note received today from the Royal Ministry of Foreign Affairs stating that the Ministry of War declines to release him from military service.

I have [etc.]

THOS. NELSON PAGE

[Inclosure—Translation]

The Ministry for Foreign Affairs to the American Embassy

Referring to *note verbale* No. 1456 of February 2 last, the Royal Ministry for Foreign Affairs has the honor to inform the American Embassy that, according to a recent communication from the Royal Ministry of War, even admitting that Annibale Donati has lost his Italian citizenship through the American naturalization of his father while still a minor, he is at all events entirely under the obligation of military service in Italy, according to the ruling of the now repealed Art. 12 of the Civil Code, which was still in force at the time when, having reached the proper age, he had to report himself for military duty.

Besides young Donati has shown a thorough understanding of his obligation, for since 1907 he has regularly performed his military duty in Italy, and has even been engaged on active duty; he is now under arms, having been recalled to the 4th Regiment of Engineers in the war zone.

ROME, March 17, 1917.

File No. 365.117/547

Ambassador Page to the Secretary of State

No. 664

AMERICAN EMBASSY,
Rome, April 12, 1917.

SIR: Referring to the Embassy's despatch No. 597 of December 14, 1916, in regard to the release from military service of Vito Messino, I have the honor to enclose herewith translation of a note received today from the Royal Ministry of Foreign Affairs declining to release him on the ground that he was already of age at the time of his father's naturalization in the United States.

I have [etc.]

THOS. NELSON PAGE

[Inclosure—Translation]

Royal Ministry of Foreign Affairs to the American Embassy

ROME, April 11, 1917.

In reply to the *note verbale* of March 20, No. 1508, and to the preceding ones of the Embassy of the United States of America, relating to Vito Messino, the Royal Ministry of Foreign Affairs has the honor to bring to the Embassy's attention the fact that, the above-named Messino, though born in America must be considered an Italian citizen as he is the son of an Italian citizen; neither can

it be held that he has lost his Italian citizenship—according to Italian law—following the naturalization of his father; as this happened, as the Embassy will note, the first of February, 1915, after the son had already become of age.

It must be recognized, therefore, that Vito Messino is subject to full military service in Italy, and his release from the Army cannot be consented to.

File No. 365.117/551

Ambassador Page to the Secretary of State

No. 675

AMERICAN EMBASSY,
Rome, May 3, 1917.

SIR: Referring to the Department's instruction No. 497 of March 6 and to its telegram No. 751 of March 10² in regard to the exemption from military service and permission to return to the United States of Guglielmo Andreaccio, I have the honor to enclose herewith translation of a note received today from the Ministry of Foreign Affairs stating that the Ministry of War declines to release this young man on the ground of his long residence in Italy and of his having neglected to claim foreign nationality.

The Foreign Office's reply refers to the Embassy's two "follow up" notes on the subject; a copy of the Embassy's original communication of March 12 was enclosed by the Consul at Naples in his despatch to the Department of March 25 reporting upon the subject of Andreaccio's application for a passport.

The following extract from the translation of a letter addressed by Andreaccio to the Consulate at Naples March 24, which was also forwarded by the Consul in his above-mentioned despatch, would appear to support the contention of the Ministry of War:

I am registered in the record of births of Ruoti. In order to be admitted to the schools my mother had me registered in the Italian registers of birth.

At present I am waiting the decision as to which military school I am to be sent as I have asked to be admitted to either Artillery, Engineers or Infantry.

The Convitto Nazionale at which he was educated is a Government institution.

In accordance with the Department's telegram of March 10 to the Embassy, Mr. White wrote Andreaccio on March 13 to apply in person at the Consulate for an emergency passport. As will be seen from the young man's letter referred to above he replied that he could not visit the Consulate until April 4 when his lyceum examinations would be over. On April 17 the Consul informed the Embassy that Andreaccio had been ordered to report on that date for military service, and added that he had neglected to apply as instructed for an emergency passport.

The fact of Andreaccio's not having an American passport would have made no difference with the military authorities at this stage of the proceedings as the Embassy had previously claimed him as a native-born American citizen by its note of March 12.

Awaiting the Department's instructions as to whether further steps should be taken,

I have [etc.]

THOS. NELSON PAGE

²Not printed.

[Inclosure—Translation]

Ministry of Foreign Affairs to the American Embassy

ROME, May 2, 1917.

Referring to *notes verbales* Nos. 1551 and 1571 of the 17th and 27th of April last respectively, the Royal Ministry of Foreign Affairs has the honor to inform the Embassy of the United States of America that, according to a very recent communication of the Royal Ministry of War, the military authorities of the Kingdom cannot consent to the release from military service and the return to the United States of Guglielmo Andreaccio.

It appears indeed after careful inquiry, that the young man in question has resided in Italy for nine years, and is the son of a father who was once an Italian citizen; he has therefore been duly entered on the list of *leva* of Ruoti, the commune of which his father was a native.

And whereas, at the time of his enrollment on the list on February 8, 1917 he did not in any way claim foreign citizenship, he must be considered to have become an Italian citizen according to Article 3 of Law No. 555 dated June 13 1912, and is therefore under the obligation of full military duties to the Kingdom.

File No. 365.117/553

Ambassador Page to the Secretary of State

No. 676

AMERICAN EMBASSY,

Rome, May 4, 1917.

SIR: Referring to the Department's instruction No. 498 of March 6, instructing the Embassy at the request of Mr. Joseph Nicholas Orocchi's relatives in America to ask the Italian Government that he be assigned to a hospital or ambulance corps, I have now the honor to report to have received to-day a reply from the Ministry of Foreign Affairs saying that the Ministry of War greatly regrets its inability to comply with the wishes expressed. I enclose herewith translation of the Ministry of Foreign Affairs' reply as well as the translation of the note from the Ministry of War enclosed with the Foreign Office's reply.

I have [etc.]

THOS. NELSON PAGE

[Inclosure 1—Translation]

The Ministry of Foreign Affairs to the American Embassy

ROME, May 3, 1917.

Referring to note No. 1532 of April 2, the Royal Ministry of Foreign Affairs is sorry to have to communicate to the Embassy of the United States of America that the competent military authorities can not comply with the desire expressed by the relatives of the soldier Orocchi Giuseppe that he be transferred from the artillery to a sanitary or hospital corps, the present laws in force preventing such a change.

The Embassy will please find attached a copy of the note received from the R. Ministry of War on the subject.

[Subinclosure—Translation]

The Ministry of War to the Ministry of Foreign Affairs

ROME, April 27, 1917.

This Ministry has not failed to examine the desire expressed by the relatives of the artilleryman Orocchi Nicola to have him transferred to the sanitary service.

In this regard, however, notwithstanding every willingness to comply with the request transmitted by the American Embassy, this Ministry is sorry not to be

able to provide for the desired change—being prevented by the laws now in force—and an exception made in this instance would cause immediately similar demands by others.

The *note verbale* of the American Embassy is hereby returned.

File No. 365.117/583

Ambassador Page to the Secretary of State

[Extract]

No. 772

AMERICAN EMBASSY,
Rome, October 13, 1917.

SIR: I have the honor to enclose herewith translation of a note received to-day from the R. Ministry for Foreign Affairs from which it will be seen that Guglielmo Andreaccio has been released from military service.

I have [etc.]

THOS. NELSON PAGE

[Inclosure—Translation]

The Ministry for Foreign Affairs to the American Embassy

Rome, October 12, 1917.

Referring to the note of the Embassy of the United States of America No. 1708 of August 3 last, the R. Ministry for Foreign Affairs has the honor to inform the Embassy that the R. Ministry of War, canceling the enrollment of Guglielmo Andreaccio, has arranged that he be free from military service, until the completion of his 22d year, for the eventual exercise of his right to acquire Italian citizenship, as well as his immediate release from the army.

ABROGATION OF PROVISIONS OF CERTAIN TREATIES CONFLICTING WITH THE SEAMEN'S ACT OF MARCH 4, 1915. ACCEPTANCE OF THE ABROGATION BY ITALY.

(See under Austria)

JAPAN

DEATH OF GEORGE W. GUTHRIE, AMERICAN AMBASSADOR TO JAPAN, AND REMOVAL OF REMAINS TO THE UNITED STATES ON A JAPANESE WAR VESSEL

File No. 123G98/28

Chargé Wheeler to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Tokyo, March 8, 1917, 9 p. m.

It is my painful duty to inform you that the Ambassador died suddenly at 8 tonight of apoplexy. In accordance with instructions to diplomatic officers, I have assumed charge as *Chargé d'Affaires ad interim*.

WHEELER

File No. 123G98/29

AMERICAN EMBASSY,
Tokyo, March 10, 1917, 5 p. m.

My telegram of March 8, 9 p. m. The Ambassador suffered a stroke of apoplexy at the Tokyo Golf Club at 4 p. m. and was brought to Saint Luke's Hospital at half past seven where he died an hour later. Mrs. Guthrie was with him at the end.

Yesterday the Emperor sent a chamberlain, and the Empress, a lady in waiting, to the Embassy with messages of condolence, and the Prince and Princess of the blood have called in person, as have the Prime Minister, Members of the Cabinet and high officials in all Departments.

Funeral services will be held 13th instant at the American Episcopal Cathedral. Foreign Office informs me that full official honors will be extended by the Imperial Government, an Imperial Prince and Princess attending the ceremony to represent their Majesties. Body will remain at Yokohama Naval Hospital pending arrangement for its transportation to the United States.

The Minister for Foreign Affairs yesterday gave out through the *Times* a statement as follows:

Mr. Guthrie has done an incalculable service in promoting and cementing the closer friendship between the United States and Japan. His demise at the present time is an immeasurable loss, not only to America but to Japan also. With sincere regret I extend my heartfelt sympathy and condolence to America and the American people.

Mrs. Guthrie's present purpose is to return to the United States in May.

WHEELER

File No. 123G98/31

The Emperor of Japan to the President

[Telegram]

Tokyo, March 10, 1917.

I desire to convey to you an expression of my profound sympathy in the loss which the American people have sustained by the death of his excellency, the Honorable George Wilkins Guthrie, Ambassador of the United States. He has done so much to inspire confidence and friendship in the relations between our two nations and has so worthily represented his country to which he has devoted his faithful service up to the end.

YOSHIHITO

File No. 123G98/32

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,
Washington, March 10, 1917.

SIR: In pursuance of telegraphic instructions from the Imperial Government I have the honor to express on their behalf the most sincere condolence and sympathy to the United States Government for the lamentable death of his excellency Ambassador George W. Guthrie at Tokyo.

Accept [etc.]

AIMARO SATO

File No. 123G98/35a

The President to the Emperor of Japan

THE WHITE HOUSE,
Washington, March 13, 1917.

I thank Your Majesty for your courteous and highly appreciated message of sympathy on the death of Mr. Guthrie, by whose demise the United States loses a valued citizen and Japan a sincere and constant friend, and whose lasting monument, I trust, will be the perpetuity of the present cordial relations and good understanding between the United States and Japan which he did so much to promote and had so much at heart.

WOODROW WILSON

File No. 123G98/33

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, March 13, 1917, 8 p. m.

My telegram of March 10, 5 p. m. Today the funeral service of the late Ambassador was held here. The Imperial Prince and Princess Nashimoto attended as representatives of the Emperor and the Empress. There were present besides one Prince and two Princesses of the blood, the other Imperial families sending representatives. The pallbearers were the Japanese Minister for Foreign Affairs, the British, French, Italian and Russian Ambassadors and Consul General Scidmore. The entire diplomatic corps, the Cabinet, military and naval

officers of high rank and representatives of the customhouse and of practically every Japanese and foreign organization of social or business importance in the life of the capital were present. The hearse was escorted by a detachment of cavalry and the route lined with a guard of honor consisting of two regiments under the command of a general of brigade. Minute guns were fired and a special train provided to carry the body and Embassy staff to Yokohama. At the Imperial Government's suggestion all details were arranged in consultation with the Foreign Office and the Imperial household. On account of the limited capacity of the cathedral the body lay in state at the Embassy yesterday, the Emperor sending a floral wreath and Captain Marquis Mayeda and Captain Kato of the Imperial Army being despatched as a guard of honor for the bier. In Yokohama representatives of the prefectorial Government and of the Municipality met the party, the streets being hung with flags and guarded by police. The body lies at present in the mortuary of the Naval Hospital there. In all these ceremonies no mark of honor, public or private, has been withheld and I cannot in this telegram adequately express the extreme consideration, official and unofficial, which the Japanese Government has shown in this sad event. A communication from the Minister for Foreign Affairs in requesting me to tender my Government in the name of the Imperial Government his sincere condolence states:

It gives me high gratification that since his excellency came to this country in 1913 to represent his country as its Ambassador the friendly relations between the two countries have grown closer and firmer than ever.

A further communication received from him last night states:

In order to testify to the sentiments of sincere sympathy and attachment entertained by Japan towards the United States which now mourns over the loss of its worthy representative, his excellency, the late Honorable George W. Guthrie, the Imperial Government are willing to place at the disposal of the American Government one of His Imperial Majesty's warships for conveyance of the body of the deceased from Japan to the United States.

The communication requests that the Imperial Government be informed after receipt

whether this offer will be agreeable to the American Government and to the bereaved family of the late Ambassador and if so whether the American Government would be willing to give an assurance that the Japanese warship to be dispatched on this particular mission will be exempted from the strict application of the rules of neutrality in the United States respecting the supply of coal, water and other provisions, and the duration of stay in the territorial waters of the United States both on the outward and homeward voyages in so far as such exemption is necessary for the successful discharge of the mission.

In this matter Mrs. Guthrie's wish will conform to that of the Department.

WHEELER

File No.123G98/32.

The Secretary of State to the Japanese Ambassador

No. 16

DEPARTMENT OF STATE,
Washington, March 15, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of the 10th instant in which, in pursuance of telegraphic instructions from your Government, you convey the expression of their con-

dolence and sympathy for the loss sustained by this Government in the death of its late Ambassador at Tokyo, Mr. George W. Guthrie.

Thanking you for your communication, I have the honor to request you to be so good as to inform your Government that its sympathetic message is highly appreciated by the Government of the United States. In this relation, I beg to add that the President has received directly from His Majesty the Emperor of Japan a courteous and valued message of sympathy, to which the President replied by cable in appropriate terms.

Accept [etc.]

ROBERT LANSING

File No. 123G98/33

The Secretary of State to Chargé Wheeler

[Telegram]

DEPARTMENT OF STATE,
Washington, March 16, 1917.

Your March 13. You may say to the Japanese Government that the Government and people of the United States are deeply touched by the many thoughtful and attentive marks of respect which have been shown to the memory of Mr. Guthrie and the many acts of kindness which have been extended to the bereaved wife. Mr. Guthrie's death is a loss to both countries for his services as Ambassador were exceptional in promoting closer friendship between them. The additional courtesy shown by the Imperial Government in placing at the disposal of this Government a warship to convey the remains of Mr. Guthrie to his native land is acknowledged with much appreciation. The generous offer is gratefully accepted. The American Government willingly gives the assurances asked that the Japanese warship to be despatched will be exempt from the strict application of the rules of neutrality in so far as such exemption is necessary for the successful discharge of this sad mission.

LANSING

File No. 123G98/37

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, March 25, 1917, 5 p. m.

Azuma, first-class cruiser bearing Mr. Guthrie's remains, will leave Yokohama about April 30, arriving San Francisco May 21. Two Japanese Naval Officers will accompany it, one of them as far as Pittsburg to represent the Imperial Navy at the funeral there. Mrs. Guthrie will probably return steamship *Colombia* leaving Yokohama May 4 and arriving San Francisco 22. Foreign Office requests that facilities be granted *Azuma* to purchase coal Honolulu on outward and return voyage and possibly at San Francisco and asks to be informed as to naval courtesies on entering the latter port. I beg to recommend that one of the military or naval officers attached to this Embassy be ordered to accompany the body as escort.

WHEELER

File No. 123G98/53

Chargé Wheeler to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Tokyo, April 28, 1917, 11 p. m.

My telegram of April 2, 1 p. m. At 3 p. m. today *Azuma* sailed from Yokohama bearing the body of the late Ambassador, Arnell accompanying it. After a short service at the Naval Hospital which was attended by the Embassy and consular staffs, Minister for Foreign Affairs, Vice Ministers Foreign Affairs and Navy, Chief of the Naval Staff, and other Admirals, officials of the Imperial Household Department, Mayor of Yokohama, and other high Government officers, the body was taken at noon to the sea wall; there it was received by officers of the navy and conveyed to cruiser where the Admiral's room, which was draped with flags, had been prepared for its reception. The casket was met at the wharf by a guard of honor composed of bluejackets carrying rifles with a naval band and at the vessel was given a salute of 19 guns. The battleship *Suwo* was brought from Yokohama to take part in the ceremony. Commander Tamura and Lieutenant Commander Nakashima, representing the Imperial Navy, accompany the *Azuma* as special escort, former ordered to proceed to Pittsburg. In to-day's ceremonies no detail was omitted by the Foreign Office and the Navy Department to emphasize the esteem in which the Ambassador was held and the friendliness of the Imperial Government for the United States.

WHEELER

File No. 123G98/56

The Secretary of State to Chargé Wheeler

No. 455

DEPARTMENT OF STATE,
Washington, June 14, 1917.

SIR: The Department has received your despatch No. 748 of April 29,¹ reporting further on the courteous action of the Government of Japan in conveying to this country the remains of Mr. George W. Guthrie, the late American Ambassador to that country.

The funeral services over the remains of Mr. Guthrie took place in Pittsburg on May 31, thus ending that sad mission. You are instructed to give an appropriate acknowledgment to the Japanese Government of this Government's deep appreciation of the honor accorded the remains of Mr. Guthrie on the Japanese man-of-war *Azuma*, and in the many other thoughtful attentions which were bestowed upon the bereaved family. The kindness shown by the Japanese Government to this Government, and to Mrs. Guthrie, will be long cherished.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

¹Not printed.

File No. 123G98/80

Chargé Wheeler to the Secretary of State

No. 821

AMERICAN EMBASSY,
Tokyo, August 31, 1917.

SIR: I have the honor to inform you that immediately on receipt of the Department's Instruction No. 455 of June 14 last I expressed to the Japanese Government, as directed, my own Government's deep appreciation of the honor accorded the remains of Mr. Guthrie on the Japanese man-of-war *Azuma* and in the manifold attentions which were bestowed upon his family. I am now in receipt of a reply from the Japanese Minister for Foreign Affairs in which he says:

It is a source of high gratification to me to learn that the action of the Imperial Government in conveying the remains of the late Ambassador and their attentions to the bereaved family are appreciated by the United States Government.

I have [etc.]

POST WHEELER

ADMISSION OF JAPANESE "PICTURE BRIDES" INTO THE UNITED STATES UNDER THE IMMIGRATION LAWS OF THE UNITED STATES

File No. 894.4054/11

*The Assistant Secretary of Labor to the Secretary of State*DEPARTMENT OF LABOR,
Washington, April 24, 1917.

SIR: Referring to your letter of the 18th instant,¹ with which you transmit copy of a memorandum from the Japanese Ambassador with an excerpt from the Japanese Civil Code bearing on the subject of marriage, I beg to state that the purpose of the request, made informally by the Bureau of Immigration of this Department, with respect to this subject was to ascertain, not only what the exact terms of the law of Japan with respect to marriage may be, but also whether the laws of Japan provide for and make legal a marriage contracted under such laws while one party to the marriage is actually in a foreign jurisdiction and the other party is living in Japan on the date the marriage takes place. In other words, does the law of Japan provide for and recognize as legal the marriage of a couple one of whom, at the date of marriage, is in a foreign jurisdiction and the other of whom is in Japan, in the same sense and to the same degree as though both parties to the marriage were actually in Japan at the time the marriage was contracted.

A provision of the immigration law becoming effective May 5 excludes from the United States illiterate aliens, with certain exceptions, one of which is that an alien residing in this country may send for his wife and the latter may be admitted although illiterate, if otherwise admissible. In preparing regulations putting this law into effect, there is no intention to permit the said exception to be availed of by an unmarried woman who comes to a United States port and claims

¹Not printed.

upon arrival that she has been sent for by a man in the United States who is desirous of marrying her at the port before her admission; that is, it is not intended to permit an illiterate woman to qualify for admission, on the claim that she is the wife of a man in the United States, by marrying a resident man after such woman has applied for entry, or by claiming that she is the wife of a man in the United States when in point of fact the laws of the country whence she comes do not provide for and make legal and binding the kind of marriage claimed to have taken place.

In view of the above, it is necessary for the Department to reach a definite conclusion as to whether or not the so-called "picture" or "proxy" brides who come to this country from Japan are regarded in that country and under the laws thereof as actually being the wives of the men to whom they claim to have been married while they were residing in Japan and the men living here, under the provisions of existing laws providing therefor. The excerpt from the Japanese law furnished by the Ambassador contains nothing, so far as this Department has been able to determine, that would justify, of itself, the conclusion that these marriages are provided for by existing laws and recognized as complete, legal and binding in Japan.

Respectfully,

LOUIS F. POST

File No. 894.4054/11

The Secretary of State to the Japanese Ambassador

No. 21

DEPARTMENT OF STATE,
Washington, April 28, 1917.

EXCELLENCY: Referring to your memorandum of April 17, 1917, accompanying a transcript of the Japanese law relating to marriage, I have the honor to enclose herewith the copy of a letter from the Department of Labor asking for further information upon the subject of marriage by proxy.

Accept [etc.]

ROBERT LANSING

File No. 894.4054/12

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,
Washington, April 28, 1917.

SIR: I have the honor to acknowledge receipt of your note of even date transmitting to me a copy of a letter from the Department of Labor asking for further information upon the subject of the so-called "picture brides."

In elucidation of the point inquired about by the Department of Labor and in amplification of my previous memorandum on this subject, I beg to state that in the law of Japan it is provided that marriage is complete and takes effect immediately upon its being notified either in writing or orally to the registrar by both parties with the participation in the act of at least two witnesses of full age and its being accepted by him; that if a document is employed for such notification it must be personally signed and sealed by the

parties and the witnesses, but it is not necessary that the parties personally appear before the registrar; that if the notification is made orally both the parties and their witnesses must personally appear before the registrar.

There is no provision in the Japanese law specifically for a case where one of the parties to a marriage contract lives in Japan and the other under foreign jurisdiction nor has there appeared before the court any case involving this point for the reason that the places of actual residence of the parties concerned form no essential requirement for a marriage to be legalized. Such being the essence of the formal marriage in Japan, a Japanese man residing in this country can marry a Japanese woman residing in Japan by personally signing and affixing his seal to the document to be presented before the registrar in Japan and the validity of such marriage is amply attested by the issuance of certified copy of the family registry bearing the official seal of the registrar which document the so-called "picture bride" proceeding to this country is always provided with.

I may add that the marriage system of Japan being as hereinbefore stated, it would be inappropriate to use the phrase "marriage by proxy" in relation to the subject under consideration.

Accept [etc.]

ATMARO SATO

File No. 894.4054/12

The Secretary of State to the Secretary of Labor

DEPARTMENT OF STATE,
Washington, April 30, 1917.

SIR: Referring to your letter of April 24, 1917, concerning the Japanese law relating to marriage, I have the honor to enclose herewith for your information copy of a note from the Japanese Ambassador in reply to a note which the Department sent him on the 28th instant enclosing your letter above-mentioned.

The Department is glad to note that the Japanese Ambassador is able to set at rest any doubt as to the legality in Japan of the marriages of the so-called "picture brides" and trusts that your Department will find his reply to its inquiry entirely satisfactory.

I have [etc.]

ROBERT LANSING

File No. 894.4054/12

The Secretary of State to the Japanese Ambassador

NO. 25

DEPARTMENT OF STATE,
Washington, May 7, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of April 28, 1917, replying to mine of that date communicating the request of the Labor Department for further information upon the subject of the so-called "picture brides."

A copy of your note was transmitted immediately to the Honorable the Secretary of Labor for his consideration. I now have the honor to inform you that on May 5 I received from the Assistant

Secretary of Labor a note stating that the Department of Labor had sent a telegram to the immigration officers in charge at the ports of San Francisco, California; Seattle, Washington; Honolulu, T. H. and Vancouver, B. C., reading as follows:

Unless and until other instructions are received accept certified copy of record of registrar supplemented by certified copy of notification to registrar by party living in United States as sufficient evidence of marriage in Japanese "picture bride" cases to justify exempting from illiteracy test. Concerning those now *en route* certified copy registrar's record may be accepted with stipulation that of notification will be supplied later. Discontinue requiring marriage picture brides after arrival.

Accept [etc.]

ROBERT LANSING

File No. 894.4054/16½

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,
Washington, May 18, 1917.

SIR: I have the honor to acknowledge with thanks the receipt of your note No. 25 of the 7th of this month regarding an arrangement made by the Department of Labor for the exemption from the literacy test of the "picture brides" now *en route* to this country on the condition that a certified copy of their marriage notification will later be sent in.

The tenor of your note has forthwith been communicated to Viscount Motono who now instructs me to ask you whether it would not be possible to have that arrangement extended also to those "picture brides" who will leave Japan before the end of this month, inasmuch as it takes a certain length of time before all registrars throughout the Empire shall have duly been notified about the matter.

I am moreover authorized to state that, if your Government deems it necessary, an instruction will be issued to our Consuls to expedite the presentation by the parties concerned of the prescribed documents and in cases, which will in fact be very rare, where they fail to fulfill the requirement, to exercise their endeavors as far as possible within the limits of their competency to effect the reappearance of such "picture brides" before the immigration officers.

Accept [etc.]

AIMARO SATO

File No. 894.4054/16½

The Secretary of State to the Secretary of Labor

DEPARTMENT OF STATE,
Washington, May 18, 1917.

SIR: I have the honor to enclose herewith for your information and for such action as you may deem proper the copy of a note dated May 18, 1917, from the Japanese Ambassador asking whether it would be possible for your Department to exempt from the literacy test the "picture brides" who may leave Japan before the end of this month, inasmuch as a certain length of time is required to notify all the registrars throughout the Japanese Empire.

As the requested extension of time will expire within two weeks and as it is rather difficult to communicate promptly with some of the more remote precincts of the Japanese Empire, this Department perceives no reason why the proposed extension of time should not be granted.

I have [etc.]

ROBERT LANSING

File No. 894.4054/15

The Assistant Secretary of Labor to the Secretary of State

DEPARTMENT OF LABOR,
Washington, May 23, 1917.

SIR: I have the honor to acknowledge the receipt of your letter of the 18th instant, inclosing copy of a note from the Japanese Ambassador, asking whether it would be possible for this Department to extend its telegraphic instruction heretofore given with regard to cases of arriving "picture brides" so as to permit all of the women of that status who may embark at ports of Japan for the United States during the month of May to be admitted with the understanding that the certified copy of the notification sent by the bridegroom in the United States to the registrar of marriages in Japan will be furnished at a later date.

As you know, the Department in its previous telegraphic instructions, issued on the basis of its conclusion, reached tentatively pending the possible procurement of additional information on the subject and more deliberate consideration, to exempt "picture brides" from the illiteracy test, voluntarily stipulated that with respect to such of the "picture brides" as might have already embarked and be *en route* to the United States at the time of the issuance of the instruction should be exempted from the illiteracy test and landed (if otherwise admissible) with the understanding in each instance that the certified copies required as proof of registration of marriage would be forthcoming at a later date. In giving this instruction the Department went further than is usual in matters of this kind. Ordinarily the instruction would have been not to deport but to hold the applicant in the immigration station until the papers might be sent for and obtained. The Department regrets that it cannot comply with the Ambassador's present request. To do so would establish a precedent in matters of this kind which it could ill afford to set up and which if established would have to be followed (if the Department were to be consistent) in connection with similar questions arising with respect to immigration from Europe as well as from Asia. It has always been customary for the Department to assume that steamship lines, immediately upon becoming acquainted with a law and the rules and practices established thereunder, will decline to sell transportation to aliens not in possession of documents of the kind they will be required to present on arriving at a port of this country; and the Department knows of no reason why the transportation lines engaged in bringing immigrants from Japan should not be expected to act in this regard in the same way that the trans-Atlantic lines are expected to act, and if they do follow the indicated course of action the subject of the Ambassador's request is automatically cared for, without this Department being

required to do something affecting such companies which it has not heretofore done and would not care to do for the trans-Atlantic companies.

Respectfully,

LOUIS F. POST

File No. 894.4054/15

The Secretary of State to the Japanese Ambassador

No. 28

DEPARTMENT OF STATE,
Washington, May 28, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of May 18, 1917, inquiring whether it would be possible for the Department of Labor to exempt from the literacy test the "picture brides" who may leave Japan before the end of this month.

In reply I have the honor to state that a copy of the note under acknowledgment was sent to the Department of Labor for its consideration and for such action as it might deem proper. A copy of that Department's reply, dated May 23, 1917, is enclosed herewith.

I am gratified to note that the Department of Labor believes that no cases will arise such as described in your excellency's note of May 18, 1917, inasmuch as trans-Pacific steamship lines will doubtless decline to accept passengers not in possession of documents of the kind which they are required to present on arriving at a port of this country.

Accept [etc.]

ROBERT LANSING

File No. 894.4054/16¾

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,
Washington, June 4, 1917.

SIR: In the note you did me the honor to address me under date of May 7, 1917, you are good enough to advise me of the decision of the Department of Labor to the effect that a certified copy of the record of the registrar, supplemented by a certified copy of the notification of a marriage with the signature and seal of the party residing in this country, will be accepted as sufficient evidence of a marriage in the so-called Japanese "picture bride" cases.

With a view to comply with the wishes of the United States Government, the Japanese Foreign Office has conferred with the Japanese Department of Justice which has jurisdiction over the family registry affairs to arrange for the issuance of the copy of the record of the family registry in favor of the so-called "picture brides" planning to proceed to the United States. In the attempt to enforce the new arrangement, the Department of Justice has found itself confronted with certain technical difficulties incidental to the fact that it has never before been required to issue the copy of the original notification in order to certify to the legal validity of a marriage, the copy of the record of the family registry part of which forms the conclusive proof of acceptance by the local registrar of the notification of a marriage, either verbal or written, having always been held as the only necessary document for that purpose. Such being the case,

while the Department of Justice was expediting investigations as to the manner in which the required papers were to be issued, it was found that several weeks would be needed for the completion of the new arrangements. It was in these circumstances that I had the honor to address to you, under instructions from Tokio, my note dated May 18 requesting to have prolonged the period of exemption from the literacy test of the so-called "picture brides" on the condition that the certified copy of the notification would be furnished at a later date, to which you were good enough to reply, under date of May 28, communicating to me the impossibility of making such arrangement on the part of your Government on the ground that it would establish a precedent preferential to the Japanese "picture brides" which the United States Department of Labor could ill afford to let stand.

In Japan the family registry record serves to attest conclusively to the legality of a marriage; whereas, in this country, lacking a similar system of registry, more importance is, I understand, attached to the certificate of marriage. Every Japanese subject is required by law to register his or her name in family groups, the date of birth and all family relations, in the family registry record, which is kept at the family registry office governing the district where the parties concerned have their permanent domicile, and the party concerned or any third party may at any time apply for a certified copy of the record which can be obtained in two forms, either a complete record of one family or an excerpt in reference to a particular member thereof. There not being provided for in the Japanese law or custom the issuance of the marriage certificate and there obtaining throughout the Empire a complete system of family registry as alluded to hereinbefore, the certified copy of the family registry record corresponds for all legal and practical purposes to the marriage certificate of Western nations.

Such being the theory of the issuance of the copy of the family registry record, and moreover the issuance of the copy of the notification of a marriage involving technical difficulties as stated above, I have now the honor to request, pursuant to instructions from Viscount Motono, that such copy of the family registry record may be regarded by the United States Government as falling within the scope of "other convincing proof of the performance of the marriage ceremony" provided for in the Immigration Rules of May 1, 1917; and that the so-called "picture brides" be exempt from the operation of the literacy test on the strength of the certified copy of the family registry record, and without the presentation of the copy of the notification.

I am also instructed to add that in case the American Government deems it difficult to comply with the present request of the Japanese Government for any reason arising from the technicalities of the immigration rules, the Japanese Government is prepared, with a view to meet the requirements as fully as possible under the different systems of civil law obtaining in our two countries, to inaugurate an arrangement for issuing at the hands of the local registrar a certificate attesting to the legal validity of a marriage in favor of the "picture brides" planning to proceed to the United States.

Accept [etc.]

AIMARO SATO

File No. 894.4054/16¾

*The Secretary of State to the Secretary of Labor*DEPARTMENT OF STATE,
Washington, June 5, 1917.

SIR: Referring to previous correspondence relative to the evidence of marriage to be submitted by the so-called Japanese "picture brides," who come to the United States, I have the honor to enclose herewith for your information and for such action as you may deem appropriate copy of a note of June 4, 1917, from the Japanese Ambassador in which he makes certain proposals in regard to this matter.

This Department trusts that the substitution of a copy of the register for the notification, as proposed by the Japanese Government, may be acceptable to you.

I have [etc.]

ROBERT LANSING

File No. 894.4054/17

The Japanese Embassy to the Department of State

The Japanese Embassy has been informed by the Japanese Consul at Seattle that seven "picture brides" arrived per S. S. *Canada Maru* on the 26th of May and are actually detained at their own expense at the immigrant station at that port until the presentation of the certified copies of the notification of marriage which they were not provided with.

The Embassy begs to request the State Department to be good enough to see its way, as soon as may be possible, to arrange for their temporary admittance on the assurance by the Japanese Consul for the presentation by the parties concerned of the necessary documents at a later date.

IMPERIAL JAPANESE EMBASSY,
Washington, June 8, 1917.

File No. 894.4054/17

*The Secretary of State to the Secretary of Labor*DEPARTMENT OF STATE,
Washington, June 9, 1917.

SIR: Referring to previous correspondence relative to evidence of marriage to be submitted by so-called "picture brides" coming to the United States, I have the honor to enclose herewith for your information and for such action as you may deem proper copy of a memorandum of June 8, 1917, from the Japanese Embassy, stating that seven "picture brides" unprovided with certified copies of the notification of marriage had arrived at Seattle on May 26 and are being detained at their own expense at the immigrant station at that port.

I have the honor to express the hope that you may consider favorably the request contained in the enclosed note that arrangements be made for the temporary admission of these "picture brides" on the assurance by the Japanese Consul at Seattle for the presentation of the necessary documents at a later date.

I have [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 894.4054/18

The Secretary of Labor to the Secretary of State

DEPARTMENT OF LABOR,
Washington, June 27, 1917.

SIR: Your letter of June 5 inclosing copy of a note of June 4 from the Japanese Ambassador, in which certain proposals are made regarding evidence of marriage to be submitted by the so-called Japanese "picture brides", was received on June 8, and the Department has since given further consideration to the subject matter. In suggesting a reply to the Ambassador's proposals, it seems proper, first, to review the previous correspondence with the purpose of emphasizing its main points, and, second, to state the result of the Department's entire study of the question presented for decision.

1. The occasion for the extended correspondence is the provision in Section 3 of the Immigration Law, commonly called the "illiteracy test," which became effective May 5, ultimo, excluding from the United States aliens unable to read in some language or dialect, but exempting wives accompanying admissible husbands or sent for by husbands lawfully residing in the United States; and the question whether the so-called "picture brides" of Japan are properly to be regarded as "wives" within the meaning of said exemption and if so, how their identity and status as such are to be established. The principal features and points of the resulting discussion may be stated as follows:

(a) After considerable oral discussion had occurred between officers of the Japanese Embassy, of the Division of Far Eastern Affairs of the State Department, and of the Bureau of Immigration of the Department of Labor, the Ambassador, on April 17 last, furnished "an excerpt from the Japanese Civil Code bearing on the subject of marriage," and the Counselor of the Embassy stated in a note addressed to an officer of the Division of Far Eastern Affairs that each "picture bride" "is expected to bring, besides her passport, a certified copy of her family register (*Koseki-tōhon*) in which her marriage is duly recorded," adding:

In cases that prove inadequate to your authorities concerned we are ready to recommend to our Government to conform to whatever specific requirements for documentary evidence that your authorities might prescribe in the premises, provided a similar condition is imposed on the corresponding class of immigrants from other countries.

(b) Finding in the excerpt from the Japanese law above mentioned nothing, * * *, that would justify, of itself, the conclusion that these marriages are provided for by existing laws and recognized as complete, legal and binding in Japan,

this Department asked the specific question:

Does the law of Japan provide for and recognize as legal the marriage of a couple one of whom, at the date of marriage, is in a foreign jurisdiction and the other of whom is in Japan, in the same sense and to the same degree as though both parties to the marriage were actually in Japan at the time the marriage was contracted?

(c) When propounding the above-stated query, the Department stated that in preparing regulations putting the new immigration law into effect there was no intention to permit the exception to the illiteracy test in favor of wives to be availed of

by an unmarried woman who comes to a United States port and claims upon arrival that she has been sent for by a man in the United States who is desirous of marrying her at the port of her admission;

that is, it is not intended to permit an illiterate woman to qualify for admission, on the claim that she is the wife of a man in the United States, by marrying a resident man after such woman has applied for entry, or by claiming that she is the wife of a man in the United States when in point of fact the laws of the country whence she comes do not provide for and make legal and binding the kind of marriage claimed to have taken place.

(d) Examination of the excerpt from the Civil Code of Japan, above-mentioned, and of a translation of the entire Code, loaned this Department by the Japanese Embassy, disclosed that the provisions thereof that are invoked in connection with the marriage of the "picture brides" are the first and second paragraphs of Article 775 reading as follows:

A marriage takes effect upon its notification to the registrar.

The notification must be made by the parties concerned and at least two witnesses of full age, either orally or by a signed document.

It was also ascertained that Articles 776 and 777 of the Civil Code read as follows:

776. The registrar must not accept the notification of a marriage, until he has ascertained that the marriage is not in contravention of any of the provisions of Arts. 741, 1, 744, 1, 750, 1, 754, 1, 765-773 and 775, 2, or to any other law or regulation. This, however, does not apply, if, the marriage being in contravention of the provisions of Art. 741, 1 or Art. 750, 1, the registrar calls the attention of the parties to it, but they persist in their notification.

777. If Japanese in a foreign country contract a marriage between themselves, they may make the notification of their marriage to a Japanese minister or consul stationed in such country. In such case the provisions of the preceding two articles apply correspondingly.

But there was found in the Code no provision relating specifically to the so-called "picture bride marriages."

(e) It should be stated at this point that the oral discussion of this matter that took place between officers of the Japanese Embassy, of the State Department, and of this Department have proceeded, until quite recently, upon the assumption, apparently by all concerned, that the prospective bridegroom living within the United States sends a written notification to the registrar of his intended marriage and that such written notification is made the basis of an entry in the family register and is then placed on file for possible future reference; that therefore it would not be a difficult matter to furnish in every instance a certified copy of the notification showing the date when and place in this country from which it was sent and that it bore the signature of the bridegroom. It seems now, however, that this was a mistaken assumption; that as a matter of fact the prospective bridegroom often takes no direct part in the transaction, but the notification to the registrar is made for him by his father or by whoever happens to be the head of his "house". It seems also that the Embassy has ascertained that the notifications are merely made the basis of an entry in the family register and are then forwarded by the local registrar to the Department of Justice at Tokyo for filing in the archives of that office, the regulations of which require that such notifications shall be preserved for ten years and then destroyed.

(f) On April 28 the Ambassador stated in a formal communication to the Secretary of State that the Japanese law provides that marriage is complete and takes effect immediately upon its being notified either in writing or orally to the registrar by both parties with the participation in the act of at least two witnesses of full age and the acceptance by the registrar of such notification; that if a written notification is employed it must be personally signed and sealed by the parties and the witnesses, but the parties are not required to appear before the registrar; that there is no provision in the law relating specifically to the case where one of the parties to a marriage lives in Japan and the other under foreign jurisdiction and there has been no decision in the courts of Japan regarding such a case; that such being the law a Japanese man residing in the United States can marry a Japanese woman residing in Japan

by personally signing and affixing his seal to the document to be presented before the registrar in Japan and the validity of such marriage is amply attested by the issuance of a certified copy of the family register bearing the official seal of the registrar, which document the so-called "picture bride" proceeding to this country is always provided with.

(g) Accepting the statement last mentioned in conjunction with the representations made orally, this Department issued instructions to the immigration officials to accept in the cases of "picture brides" as proof of marriage a certified copy of the record of the registrar supplemented by a certified copy of the notification to the registrar sent him by the party to the marriage living in the United States. These instructions were given tentatively and subject to further consideration. It will be observed that this instruction was based upon the apparently erroneous assumption mentioned in paragraph (e) preceding.

(h) The purport of the above instruction was communicated to the Japanese Ambassador by the Department of State on May 7.

(i) In carrying out the instructions the immigration officials, under advice from the Bureau of Immigration, are requiring that the documentary proof of marriage shall include a certified copy of a notification to the registrar by the bridegroom himself, this practice being based upon the fact that the Japanese law invoked in the premises requires that the registrar shall be notified by the parties concerned, which must necessarily mean the bridegroom and bride.

(j) In giving the instructions above-mentioned, the Department voluntarily stipulated with respect to "picture brides" then (May 5) *en route* that a certified copy of the registrar's record might be accepted with the understanding that a certified copy of the notification would be supplied later. On May 18 the Ambassador requested that this provision be extended to include all who might leave Japan during the month of May; but the Department of Labor was constrained reluctantly to deny this request because it was anticipated that to grant it might raise complications regarding immigration cases originating in Europe.

(k) Simultaneously with the issuance of the instructions regarding acceptance of documentary proofs of marriage the immigration officials were directed to discontinue the practice which had obtained for many years of requiring "picture brides" to be married in accordance with American law and customs at the ports of arrival to the "picture bridegrooms" who had sent for them. This additional instruction

was given because it was deemed that, if the Department recognized the validity of the marriage on the basis of the documentary evidence specified to be required in proof, it could not consistently require that a marriage ceremony should be gone through with at the port of entry.

(1) In view of the facts and circumstances above recited and particularly of the additional instructions mentioned in the preceding paragraph, the Department has been surprised to learn that the Japanese Association of America (an organization which apparently quite generally represents the Japanese residing in the United States), the Japanese of this country, and the "picture brides" and "picture bridegrooms" apparently quite generally, have taken the position (notwithstanding this Department's conclusion to recognize the validity of the marriage if and when proved by documents of the kind specified), that the marriage ceremony must be gone through with after the "picture bride" has been delivered to the "picture bridegroom" at the port of entry. To quote all of the statements on this subject which have come to the attention of the Department would unduly lengthen this letter. It is thought, however, that a few examples should be given. The *New World* of San Francisco on May 11 gave an interview had with the chief secretary of the Japanese Association, in which said person discussed the possible bad moral effects of allowing the "picture brides" to land without going through a ceremony of marriage and stated

I see no guarantee that results in violation of the manners and customs of society will not be introduced; for to say nothing of American manners and customs, even in Japanese society it is the universal custom that in addition to the legal registration there must be the ceremony of the *san-san-ku* and the vows in the presence of Shinto and Buddhist deities, a very strict and solemn service. To omit the marriage ceremony because they are coming to a distant colony, going off immediately after landing to live together without further ado, is not proper even as seen from the standpoint of Japanese custom; how much more so from that of the more severe customs of America!

Mr. K. Kanzaki in an article in the *Japanese American News* of May 8 pointed out that to permit persons who had never seen each other and who had to use photographs for purposes of recognition to land and to proceed to destination without performance of some ceremony "is to omit one of the great institutions of human relationship." He therefore urged all Japanese in this country to have a marriage ceremony performed. In the *New World* of May 11 this same person asserted that in his opinion one

would search in vain over the world for a country where the momentous relation of marriage between a man and woman is entered upon without any sort of a ceremony. In Japan, even more than in America, there is a magnificent and elaborate ceremony. This is for the preservation of order and morals in society. Not only so, it also has for its object the sacredness and purity of the new home.

The *Japanese American News* of May 13 contained a report of a meeting of the directors of the Japanese Association from which it appears that the directors decided that not to have a ceremony would be most improper; that the holding of a banquet after the parties reached their home would not be sufficient because the banquet and the ceremony are distinct observances, the latter being the one through which a man and woman must pass before they can properly come together as husband and wife; that the observance of the ceremony must be insisted upon not only out of respect for American

customs but from regard for the entire world. From the *Japanese American News* of May 19 the following is quoted:

Photograph brides who carried documentary evidence of actual marriage were not given the education test and were all landed yesterday. On the same day they had their marriage ceremonies at their hotels or at the homes of friends, with the exception of the legal formalities, which were omitted. In all other respects no change has occurred in the practice hitherto in vogue.

(m) The proposals now submitted by the Japanese Ambassador are two and are in the alternative:

(I) That the immigration officials be directed to accept as sufficient proof of marriage in "picture bride" cases a certified copy of the family registry record, such copy to be regarded as falling within the scope of "other convincing proof of the performance of the ceremony provided for in Subdivision 7 of Rule 4 of the immigration regulations".

(II) That the immigration officials be instructed to accept a certificate from the local registrars "attesting to the legal validity of a marriage in favor of the 'picture bride' planning to proceed to the United States".

These requests are made because, as hereinbefore mentioned, it has been ascertained that the Embassy as well as the two Departments were proceeding upon an erroneous assumption in supposing that notifications were given in every instance by the bridegrooms and were kept in the files of the registrars' offices.

(n) Incidentally, orally and informally, the point has been raised that, inasmuch as the original notifications are preserved, even in the files of the Attorney General's office, only for ten years, proof of marriage in the manner heretofore specified will not be possible in cases of Japanese who, when coming to the United States, bring their wives with them if the marriage occurred more than ten years previous to the date of such man's application to the passport officials of Japan for his passport and to the Attorney General's office for the required certified copy.

(2) The Department's conclusions with regard to this matter may be stated, in the reverse order of their importance, as follows:

(o) With respect to the last mentioned point, raised incidentally, orally and informally, it does not seem to the Department that there is any insuperable difficulty to be encountered. In the case of couples married when both parties were present in Japan, obviously the notification of the registrar could, both as a legal proposition and as a matter of physical possibility, be either oral or written; and, from what the Department has learned during its study of this matter, it is inclined to believe that in most cases of that kind the notification would be oral. At any rate there would not exist in such a case any such unusual circumstance as exists in the case of couples whose marriage is registered while one of the parties is in Japan and the other is in this country; nor any of the potentialities for embarrassment in the administration of the law with respect to persons coming from countries other than Japan which the Department apprehends exist in the cases that are the special subject of present consideration. Therefore, the Department would not be disposed to insist upon any technical requirements, but would be satisfied to admit the man and his accompanying wife, if otherwise admissible, and to exempt the woman from the illiteracy test on the basis of a certified copy of the family registry record.

(p) It seems to the Department that the conclusion logically to be drawn from all of the evidence which has been submitted and adduced is that the legislators of Japan in adopting the civil code did not have in mind, in the least degree, a situation with respect to marriage of the kind which has arisen concerning the "picture brides" and their migration to the United States. The law contemplated marriages of two kinds, in so far as the *loci contractus* was concerned, to wit: Those contracted between two Japanese both of whom at the time were residing within the jurisdiction of Japan and those contracted between two Japanese who at the time were both residing in a foreign jurisdiction. But the ends of convenience have resulted in the establishment of a custom, based in part upon the provisions of the code, but extending much further than the code ever contemplated, under which the recognition of the so-called "picture marriages" has come about. This custom, not unnaturally when it is remembered that the country recognizing it is in a position actually to exercise control over the female party to the marriage only, has had a tendency toward laxity of both action and supervision, which tendency may have been somewhat retarded by the practice heretofore enforced of requiring the parties to the "picture marriage" to go through with a ceremony according to American law and custom on the arrival of the bride at a United States port. This tendency toward laxity is especially illustrated by the practice, which apparently has become quite common, of permitting the bridegroom's father or the head of his "house" to send notification to the registrar, without the bridegroom taking any active or direct part in the transaction.

(q) Apparently the ethical or religious sense and ideals, or both, of the Japanese people themselves are offended by this custom, especially when it is unattended by any social or religious ceremony of a kind ordinarily regarded as calculated to impress the parties to a marriage with the solemnity and importance of the step which they are taking in becoming husband and wife. This fact of itself produces an anomalous situation and places the Department in a rather unenviable position—one in which, as may be seen from the comments appearing in the Japanese press, a few of which have been quoted, it lays itself liable to criticism by thoughtful sober-minded persons, whether citizens of Japan or of the United States, because, if it is to be at all consistent, it must hold that if the "picture marriage" is a valid marriage no further ceremony is to be insisted upon when the "picture brides" land at United States ports.

(r) It seems to the Department self-evident that it cannot, in administering a statute like the immigration law, base conclusions with regard to fundamental principles of law upon customs more or less firmly established in foreign countries, even though such customs may be predicated somewhat upon provisions of the law of that country. If this matter involved no more than the application of the illiteracy test to the cases of young women coming from Japan, perhaps so much importance would not need to be attached to it. But the Department has no intention, as heretofore intimated, to permit young women to come from other countries and qualify for exemption from the illiteracy test by marrying at a port of the United States a man already located here. If such a domiciled alien wishes to bring to the United States as his wife a woman who is illiterate he

will be obliged, under the practice which it is the purpose of the Department to follow, to return to his native land, marry the woman in accordance with the law there obtaining, and take his chances on returning to a port of this country of being found eligible to enter himself and of his wife being found also admissible. Nor is it the Department's intention to recognize in this connection customs that prevail in countries other than Japan. And there are several countries in which unusual or unique practices and customs regarding marriage and the relation of the sexes exist; and there is no reason known to the Department why, if it should recognize a custom obtaining in this regard in any one country, other countries should not adopt similar or even dissimilar customs with a view to having them recognized and thereby securing exemption from provisions of the immigration law for their subjects or citizens. It will be observed, therefore, that the question is of general rather than of particular interest and consequence in the administration of the immigration law.

(s) The foregoing consideration inevitably leads the Department to the final conclusion that the very least that it can with propriety and safety require in the cases of the "picture brides" is proof that the bridegroom, not someone else in his behalf either really or ostensibly, has complied with the law, not the custom, of the country of which he is a subject in contracting the marriage on the basis of which he proposes to claim exemption for a woman who would, but for her marriage, be subject to exclusion under the illiteracy test. It is to that bridegroom, who is living within this country and while here is subject to its municipal law, not to his father or the head of his "house", who is living in Japan and in no sense within the control or supervision of the local authorities of the United States, that the communities of this country are entitled to look for the maintenance, protection and care of the woman brought into their midst; and as a particular practical proposition, as well as because of the legal and general practical considerations that have already been mentioned, it is important to know in the case of a Japanese alien, just as it is in the cases of aliens of all other nationalities, that the woman is being brought to this country because of the personal desire of the man to have her as his spouse and helpmate in life.

(t) The fact that the original notifications are destroyed in the office of the Attorney General at Tokyo after the lapse of ten years does not affect the "picture bride" cases. While it is realized that some inconvenience may be occasioned, especially at first, by the necessity of applying to the Attorney General's office in Tokyo for certified copies of notifications, it is believed that this difficulty could be overcome by a slight change in the practice, that is, by requiring the notifications to be retained in the office of the registrar for a short period after their submission. The remaining difficulty arising from the fact that in some instances the notification is filed by the bridegroom's father or the head of his "house" it seems to the Department is the only one of particular gravity. It could soon be overcome, however, by inaugurating a change in the practice and having the notification originate with the bridegroom. Such a practice could be based directly upon a combination of the applicable provisions of Articles 775 and 777 of the civil code, and could include

requiring (as the physical situation itself demands anyway) that the notification in such cases shall be in writing and signed by the prospective bridegroom himself. The suggested practice would take care of all future cases. In the remaining cases (i. e., those in which the marriage has already been recorded on the basis of a notification not originating with the bridegroom) it seems to the Department that it would be possible and in no sense improper to require that the bridegroom shall return to Japan and have a regular ceremony performed.

(u) However, the careful attention which the Department has given this entire subject leads it to suggest, in conclusion, the desirability, from every conceivable point of view, of bringing about a situation with regard to these "picture brides" which will more nearly conform to that existing with regard to alien women generally in the effect upon their cases of the immigration law. The simplest and most effective remedy for the embarrassments and difficulties that must constantly arise where a situation of a unique nature must be dealt with, under a law intended to apply to all aliens alike, is to change the unique situation into a common one. Therefore, why should not young men of Japanese nationality residing in the United States, when they desire to have women join them here as their wives and these women are ineligible to enter in their individual capacity, return to their native land and conform to all of the requirements, legal, ethical and moral, that are usually observed in their country by men and women who enter into a state of matrimony with due regard to the public opinion of the community in which they live?

Respectfully,

W. B. WILSON

FileNo. 894.4054/18

The Acting Secretary of State to the Japanese Ambassador

No. 34

DEPARTMENT OF STATE,
Washington, July 7, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of June 4, 1917, relative to the admission of Japanese "picture brides" to the United States under the new immigration law.

A copy of your excellency's note above mentioned was promptly sent to the Honorable the Secretary of Labor for his consideration. I have the honor now to enclose a copy of a letter dated June 27, 1917, from the Department of Labor, giving a review of previous correspondence on this subject and outlining a course of procedure in handling "picture bride" cases in the future.

Accept [etc.]

FRANK L. POLK

File. No. 894.4054/19

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,
Washington July 25, 1917.

SIR: I have the honor to acknowledge the receipt of your note of July 7, inclosing copy of a letter dated June 27 from the Honorable the Secretary of Labor relative to the admission of so-called Japanese "picture brides" to the United States.

The matter under discussion, having been confined from the outset, to the question of what evidence should be presented by Japanese wives unaccompanied by their husbands when applying for admission to the United States, I deem it inexpedient and that it serves no immediate good purpose to enter into a detailed treatment of the merits or demerits of the Japanese institution of marriage. Accordingly, I beg leave to repeat substantially the suggestions made in my previous notes and to request you to be good enough to exert your good offices to the end that the question which is essentially one of form and not of principle, be brought to a speedy and satisfactory solution. It is needless to state that my Government has not the least intention to unduly influence the administrative procedure of your Government in favor of Japanese immigrants but the peculiar character of the Japanese marriage in which the ceremony has no legal bearing makes the Japanese Government feel that the request for a special consideration of the matter will not be deemed uncalled for.

Judging from the nature of the notification and the value of the *Koseki-tōhon* (certified copy of the record of a particular family) or *Koseki-shōhon* (certified copy of the record of a particular individual) as evidence (*vide post* §§2, 3), I wonder whether it would not be most logical and feasible to require the "picture brides" to take with them such *tōhon* or *shōhon* in order to prove that the necessary procedure of marriage between them and the men in the United States has transpired, and to treat them as wives in the execution of the Immigration Law. The ceremony of the marriage is not legalized in the Japanese law (*vide post* §1) and therefore literally speaking the *tōhon* or *shōhon* carried by the "picture brides" with them do not come within the scope of the "convincing proof of the performance of the marriage ceremony" as provided for in the Immigration Rules of May 1, 1917. However, understanding that what the rules require is the proof of marriage which has legally transpired, I venture to conclude that the *tōhon* or *shōhon* may be taken as such in accordance with the spirit of the rules.

The arrangement that the "picture brides" carry with them certified copies of the notification of the marriage together with the *tōhon* or *shōhon* is not probably unfeasible (*vide* the Department of Labor note, paragraph "t"), and I shall be glad again to recommend to the Japanese Government the establishment of the practice, if it is the opinion of your Government that such be desirable. However, I rather wonder whether it is exactly logical for us to take such a course. The trouble occurs with regard to a woman married more than ten years ago (*vide* the Department of Labor note paragraphs "n" and "o"). When she is coming with her husband the question is simpler and could be handled in the manner indicated by the Department of Labor. It would, however, be impossible for such a woman to be admitted to this country when she is coming by herself to a United States port to join her husband and when she is illiterate withal. It may be ruled that she be admitted on the strength of the *tōhon* or *shōhon* alone, but this would be logically inconsistent as against the ruling with regard to the "picture brides," since in the eye of the Japanese law there could be drawn no distinction between the ordinarily married wives and the so-called "picture brides".

In face of these circumstances, it is suggested that if, for evidence's sake, the United States Government opines that some other document than the *tōhon* or *shōhon* is necessary, the institution proposed by the Japanese Government of issuing at the hands of the local family registrar a new form of certificate proving the legal validity of a marriage be favorably considered by the United States Government (*vide* the Embassy's note dated June 4, 1917). This certificate cannot be one of the marriage itself since it is not made at the time of its constitution. However, it could be made in such a form as would be more complete than the *tōhon* or *shōhon* as a legal evidence, issuing only in favor of the married couple and one copy at a time.

Having made a careful perusal of the note of the Department of Labor inclosed in your note under acknowledgment, I have noticed a few apparently misrepresented phases of the question which would, I am afraid, have an important bearing upon the final decision as to the course of procedure in handling the "picture bride" cases at American ports. Accordingly, I have deemed it appropriate to take this opportunity to record for the information of your Government several points of fact a major part of which have, I believe, already been explained by my staff in the course of oral discussions.

1. Referring to paragraph (c) of the note of the Department of Labor, I desire to make it unmistakably clear that a "picture bride" is not, in the eye of the law,

an unmarried woman who comes to a United States port and claims upon arrival that she has been sent for by a man in the United States who is desirous of marrying her at the port of her admission.

A marriage contracted between a woman residing in Japan and a man residing in the United States is no less legal and binding than a marriage contracted between parties residing within the same jurisdiction.

It has already been pointed out that according to the Japanese law, "a marriage takes effect upon its notification to the registrar" (Civil Code, Art. 775). So long as the parties to a proposed marriage contract satisfy the requirements that they are of marriageable ages (C. C., Art. 765), that they are not going to commit bigamy (C. C., Art. 766), that the time during which a woman is restricted against remarriage has expired (C. C., Art. 767), that they have not been parties to an adultery (C. C., Art. 768), that their marriage is not incestuous (C. C., Arts. 769, 770, 771); and that the consent of the parents or the family council has been given when such is necessary (C. C., Arts. 772, 773), the only thing the prospective husband and wife have to do to complete the marriage, so far as the law is concerned, is to notify either by parol or in the written form the family registrar of the district where the would-be bridegroom's permanent domicile (*hon seki*) is situate. Upon the acceptance of the notification and the entry of the fact in the family registry record by the registrar, the legal procedure of the marriage contract is completely gone through and the marriage becomes effective from that date.

It is to be noted in this connection that the marriage ceremony is not at all considered by the Japanese civil code. Marriage has in Japan as in any other country been regarded as one of the most important of human affairs and very naturally certain ceremonies for

its solemnization have been evolved. The most general form of the nuptial ceremony consists in the formal drinking of saké alternately by the marrying couple from the same cups three-times-three-nine-times (*san-san-ku-do*) in the presence of the go-betweens (*nakôdo*) and a boy and a girl of ten or twelve who act as attendants, and more recently also of the wedding guests. Formerly in Japan, as was the case in England and America in ancient days, acknowledgment of the parties, proof of cohabitation as man and wife, or general reputation resulting from the conduct of the parties, was all that was needed for a marriage to be recognized and protected by the law. However, since the enforcement of the Civil Code on July 16, 1898, the legal recognition and protection of a marriage has come to hinge solely upon the notification to, and acceptance by, the family registrar of the marriage contract. No provisions whatever as to the marriage ceremony for the solemnization and authentication of marriage corresponding to those prescribed in the statutes of the Western nations are to be found in the Japanese law. This mode of legislation has come to be adopted evidently for the reason that the formalities of the ceremony as established and sanctioned by the Japanese custom have nothing to do with religious rites or priests, Shinto shrine or Buddhist temples. It is, however, required that the couple who act as the go-betweens be present at the function, but the go-betweens are generally elected from among the friends of the prospective bride or the bridegroom. It is quite likely that the legislators did not see the practicability of placing the duties and responsibilities of a justice, judge, city recorder, priest or minister of the gospel upon the shoulders of such go-betweens who by no means make it a part of their calling to participate in nuptial ceremonies. It seems to have been seen fit to relegate such ceremonies to the realm of social and actual facts as much as the nuptial dinner or the honeymoon trip. Whether it takes place or not, the marriage is complete in the eye of the Japanese law when the notification of a marriage is made and accepted and from that date on all necessary and incidental effects of marriage will come into operation; such as, the entry into the "house" into which one is married (C. C., Art. 788); the inception of the relations of affinity; the obligation of the husband and wife to live with each other (C. C., Art. 789); the mutual duty of support (C. C., Art. 790); the husband's obligation to act as the guardian to the wife when the wife is a minor (C. C., Art. 791); the right of annulment of a contract between the couple (C. C., Art. 792). Further, the wife will need to have the permission of the husband to receive or use principal (as distinguished from interest); to contract loans, or to stand surety; to do acts having for their object the acquisition or loss of rights relative to immovables or to important movables; to institute suits at law, make gifts, amicable settlements or arbitration agreements, to accept or renounce a succession, to accept or refuse a gift or legacy, or to make a contract putting her under any corporal restraint. (C. C., Arts. 12, 14). A crime of adultery (Criminal Code, Art. 183) may also be constituted in regard to a woman in this legal status.

All such rights and duties as pertain to the civil status of a wife are invested and imposed upon the so-called "picture brides" the moment the notification of marriage is accepted, simply because there is legally

speaking no difference whatever between the "picture brides" and other brides who are married to bridegrooms living within the same jurisdiction.

It is noted that the Department of Labor has concluded that the Japanese legislators did not have in mind, in the least degree, a marriage contracted between parties living under separate jurisdictions but that

the ends of convenience have resulted in the establishment of a custom, based in part upon the provision of the code but extending much farther than the code ever contemplated, under which the recognition of the so-called "picture marriages" has come about (paragraph (p) of the note of the Department of Labor.)

It seems that the Labor Department has based this conclusion on the assumption that the marriage ceremony is in some manner essential for a marriage to be recognized and protected by the Japanese law. That this impression is entirely erroneous has, I feel sure, been amply elucidated by the above explanation of the constitution of marriage in Japan. The views expressed by certain Japanese that the nuptial ceremonies whether it be the *san-san-ku-do*, or Christian rites, by the "picture brides" and their bridegrooms are not to be dispensed with (*ibid.* paragraph (1)), are no doubt warranted and will be sympathized in by every Japanese of sense. However, these ceremonies belong, as stated before, to the realm of social and actual facts as much as the honeymoon trips, the sending of the gifts or the announcements to friends of the matrimony, and, in the Japanese law, they are not attributed with any legal meaning whatever. Moreover, when the Japanese system of marriage is clearly borne in mind, it will be easy to understand that the *loci contractus* play a decidedly less important part in marriage than in Western countries. There has been generally and especially in the higher stratum of society, at least until very recently, no association of young men and women, much less the paying of the addresses, prior to marriages. Marriage negotiations are more often initiated by the parents or intimate relatives of the marriageable men and women. After a most careful and mutual investigation about the character, ability and other qualifications of the parties concerned, the matter will finally be decided by the young people themselves. And it is by no means seldom that the prospective bride and bridegroom do not actually meet each other before the marriage negotiations have practically attained a definite stage. Naturally they are in most cases strangers in a sense when the marriage contract is formed. I shall refrain from dwelling at length upon the merit or demerit of this system of marriage in the present note. However, it would not be amiss to add that Japanese youths profit by the mature judgment of their parents or other relatives and are free from the dangers of rushing uncounseled into unhappy marital bondage, and that the Japanese do perhaps not marry so much on impulse as after a most serious consideration for their future life.

In view of such circumstances, it will be noticed that the *loci contractus* are not looked upon as an important factor in a marriage contract in the Japanese law, and that Article 777 of the Civil Code only prescribes a convenient method of making the notification of a marriage contracted between a man and a woman in a foreign country.

This spirit of the provision may easily be discerned when it is noticed that it gives the contractors the choice of making the notification either to a Japanese diplomatic or consular officer stationed in that country or to the family registrar of the district in Japan where the prospective husband (in special cases, the wife) has his permanent legal domicile.

When the legal relations between the notification and the marriage under the Japanese law are made clear, there is needed no further arguments to satisfy ourselves that the "picture brides" are not the offspring of a custom arising out of convenience, and predicated partially upon the law but extending much further than the law ever contemplated, that they are as normally married as any other brides married "in the same sense and to the same degree" in any and every respect (*vide* paragraph (b) Department of Labor note).

The only difference between the "picture brides" and the other brides is *de facto*, not *de jure*. And when the usual, more or less unfamiliar, relations between a bride and bridegroom in Japan are remembered, it will be seen that the *de facto* difference reduces itself to the difference in the length of intervals between the notification of the marriage and the ceremony of the *san-san-ku-do*.

Such legal features of the marriage in Japan make it altogether unnecessary that the Department of Labor should entertain any fears as to the effect of its attitude toward the Japanese "picture brides" upon the handling of immigrants from certain European countries. (The Department of Labor note, paragraph (r).) Neither is there any cause for the apprehension that the "picture bride" is not being "brought to this country because of the personal desire of the man to have her as his spouse and helpmate in life." (The Department of Labor note, paragraph (s).) The fact of which you are no doubt aware that those "picture marriages" have been showing quite satisfactory results socially and morally may be here adduced to affirm the above statement.

2. Another point which needs explanation is about the parties who are to make the notification of a marriage to the family registrar (or to a diplomatic or consular representative). The Department of Labor seems to be under the impression that the notification is sometimes made by some one other than the parties immediately concerned,—by the father of the bridegroom or by whoever happens to be the head of the "house". (The Department of Labor note, paragraph (e).) This is erroneous, and it seems that this error has been occasioned from the peculiar Japanese custom which is now legalized, of affixing a personal seal under one's name, written not necessarily by oneself but by anyone, instead of writing one's own signature. This Embassy's explanation was not accurate when it was explained that the notification must be personally signed and sealed by the parties and the witness. (The Embassy's note, June 4, 1917.) The Japanese phrase, *sho-mei natsu-in*, which is used in the family registry law (Art. 44) should be translated into "writing the name and affixing the seal". "Such practice of employing a personal seal which is to be registered at the family registrar's office in lieu of a signature in this and other countries is not restricted to the notification of a marriage or other matters of personal status,

but it universally obtains, applying equally to any legal and business transaction. The affixing of the registered personal seal under one's name written by anyone or in print is necessary and sufficient for such an act as drawing money from a bank. This system has the advantage of saving a great deal of trouble as when one has to write many signatures, when one will have to travel a long distance to set down his signature, or when a document will have to be sent a long distance for a signature, but it embarrasses one when he does not carry the seal with him, when he loses it, or when by carelessness he lets someone abuse it.

This time-honored custom in Japan of using seal-impression instead of signatures, has occasioned the promulgation of a law providing that aliens may use their signatures instead of the name-writing and seal-impressing (*sho-mei natsu-in*) (Law No. 50, March 10, 1900). The use of seals which thus entirely take the place of signatures, is also protected in the criminal code, which provides as follows:

Whoever shall have, with intent to use the same, fraudulently counterfeited the seal or signature of another person, shall be punished with penal servitude for a period not exceeding three years.

The same penalty shall be imposed upon whoever shall have made improper use of the seal or signature of another person, or used a counterfeit of the seal or signature of another person. (Art. 167.)

Be its merit what it may, this system enables a man resident in this country to perform a legal act in Japan by, for instance, sending his registered personal seal to his parents or any other person whom he trusts. Such cases might not be rare regarding "picture marriages," but it is to be noted that it is the man residing in this country, the prospective husband, that is the actual agent of the legal transaction and not the father or any other person who affixes for him the seal to the marriage notification.

3. As to the nature and legal effects of the notification, they have been fully explained in the previous paragraphs of this note. It must, however, also be noted that technically the only permanent record of the acceptance of the notification is the entry in the family registry record, the written notification which is the commonest form (the impression of the Department of Labor expressed in paragraph (o) that the oral notification is commoner is erroneous), being monthly forwarded by the registrar to the local district court where it is to be preserved for ten years and then destroyed. (Family Registry Law, Art. 28, regulations relative to the preservation of documents in regard to the personal status, family register and temporary residence, Art. 4.) Therefore, the entry in the family registry record is a sufficient evidence of matters pertaining to personal status such as marriage so long as the husband and wife do not contradict it and the matrimonial repute is established among his friends and acquaintances. That certified copies of the entry are issued in two forms, to wit, first, copy of the entry for a family or "house" (*Koseki-tôhon*) and, secondly, copy of the entry for an individual (*Koseki-shûhon*), has been explained in my note of June 4, 1917, and alluded to in the beginning of this note.

Accept [etc.]

AIMARO SATO

File No. 894.4054/19

*The Acting Secretary of State to the Secretary of Labor*DEPARTMENT OF STATE,
Washington, July 30, 1917.

SIR: Referring to previous correspondence relative to the applicability of the illiteracy provisions of the immigration law to the so-called "picture brides" coming from Japan, I have the honor to send enclosed for your consideration and such action as may be necessary a copy of a note from the Japanese Embassy replying to the observations made in your letter of June 27, 1917, to this Department.

You will, I feel sure, be interested to learn that Mr. Ransford S. Miller, our Consul General at Seoul, who was for many years the Japanese Secretary of our Embassy at Tokyo and who is familiar with Japanese law and custom, has carefully read the note of the Japanese Ambassador and states that the notification is the document that gives legality to a marriage in Japan; that in the case of marriages of Americans in Japan, which occurs not infrequently, the use or omission of a religious service is entirely immaterial in so far as the requirements of the Japanese law are concerned, which is of course the law recognized by the American Consul General in issuing his certificates. In other words a religious ceremony without the notification does not make a marriage legal and the notification without such a service would. For purposes of notification a form printed in Japanese is employed similar to that used in marriages of the Japanese themselves. The situation in so far as a religious ceremony is concerned would seem to be similar to that in some of our states where it is entirely optional and sometimes omitted, the law taking no account thereof.

As for the use of the private seal by others than the owner thereof but by his authorization, Mr. Miller also confirms the statements in the Ambassador's note.

It seems to this Department, therefore, that when due notification of the marriage has been made over the seal of the bridegroom the marriage must be regarded as legal and the "picture bride" in such case ought to be received as the wife of the man who is awaiting her arrival in the United States.

I have [etc.]

FRANK L. POLK

File No. 894.4054/20

*The Secretary of Labor to the Secretary of State*DEPARTMENT OF LABOR,
Washington, August 20, 1917.

SIR: I have the honor to acknowledge the receipt of your letter of the 30th ultimo, with which you transmit copy of a note from the Japanese Embassy replying to the observations made in my letter of June 27 addressed to you, regarding the so-called "picture brides" coming from Japan.

The Department has again carefully considered this entire matter, in the light of the statements now made by the Japanese Ambassador and their very important bearing upon previous discussions. It is glad that so detailed a discussion of the subject has occurred; for it

believes that such discussion has resulted in the clarification upon the records of your Department and this Department of every phase of the subject on which doubt or misunderstanding has heretofore existed, and both Departments are now in a position where they can intelligently, and without feeling that there are potentialities for embarrassment involved, meet the views of the Japanese Government fully and frankly. This Department's letter of June 27 purposely set forth in the minutest detail every element of the proposition under discussion which in its judgment required further explanation or comment; and the response from the Japanese Ambassador is so full and explicit that the Department feels well repaid for the pains which it took to lay the various points minutely before your Department for presentation to the Embassy.

To a very considerable extent this Department's misapprehension of the situation with respect to the *modus operandi* of the marriage taking place in the cases of these "picture brides" was occasioned by the impression gained from the Embassy's note of June 4, 1917, and the discussions had with members of the staff of the Embassy that the notification required by Japanese law to be filed with the registrar of family records had to be personally signed and sealed by the parties to the marriage. Finding now from the note of the Ambassador that all that is required by the Japanese law in this regard is that the name of the parties shall be written on the notification and attested by the affixing thereto of his personal seal, and that the writing of the name and affixing of the seal may under the laws of Japan be done for the parties by any authorized person to whom the seal is delivered or in whose possession it is left, and that this is a general law which applies to the signing and sealing of documents of all kinds in Japan, of course the Department finds itself in a position where its mind is altogether disabused of the idea that the marriages are conducted in accordance with the custom, based only indirectly and partly upon the law, and not in accordance with the law itself.

A mutual understanding of the law and of the fact that the practice conforms thereto having finally been reached, it remains only to determine which of the several possible methods of furnishing proof had best be adopted. Taking every phase of the matter into consideration, the Department is inclined to think that the most logical and consistent method, and therefore the one least apt to lead to any difficulty or embarrassment in individual cases, would be this: Hereafter require all women applying for admission as the wives of Japanese men to furnish to the immigration officers at ports of entry of this country, as evidence of their marriage, a certified copy of so much of the record of the family (called in Japanese the *Koseki-tôhon*) of each of the parties to the marriage as contains the items recorded by reason of the occurrence of the marriage. These seem to be documents which it is customary to issue in Japan, so that no new system would have to be inaugurated; moreover, they seem to be the most complete documentary evidence that can be furnished under all the circumstances, as they contain a record, properly authenticated, of the fact that the registrar has received notification from or on behalf of the parties concerned and that the record of the marriage, and therefore the marriage itself, has been completed in accordance with Japanese law.

This Department will immediately issue instructions to the immigration officers to accept such documents as satisfactory evidence in this class of cases. It will also give directions to the effect that all pending cases, in which temporary arrangements have been made looking to the final adjustment of this point, shall be finally landed upon the receipt, through the local Japanese consulates or otherwise, of similar documents affecting the persons involved.

In conclusion, may I request that you extend to the Japanese Ambassador an expression of this Department's pleasure that this subject, which at one time seemed to it to involve possibilities of embarrassment in the enforcement of the immigration law generally, has been finally cleared of all misunderstanding and adjusted in a manner satisfactory to all concerned? It is especially gratifying that the full and free discussion thereof has produced a situation under which the nomenclature that has grown up—the use of the expressions “picture brides”, “photograph brides”, “proxy marriages”, etc.—may now be abandoned, since the explanations and assurances of the Japanese Government show that the marriages in question are authorized and recognized by the former Government, which fact has led to their full recognition by the United States Government, so that the marriages involved are now to be considered by all concerned as in no sense distinguishable from marriages generally, and the women can be, and ought to be, referred to simply as wives.

Very truly yours,

W. B. WILSON

File No. 894.4054/20

The Secretary of State to the Japanese Ambassador

No. 40

DEPARTMENT OF STATE,
Washington, August 21, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of July 25, 1917, relative to the admission into the United States of so-called “picture brides” coming from Japan, and to state that a copy of your note was promptly sent to the Secretary of Labor for his information and for such action as he might deem advisable.

The Department of State has today received a reply, dated August 20, 1917, from the Secretary of Labor, a copy of which is enclosed herewith. I beg to express to your excellency the satisfaction with which the Department of State views the prospect of a happy solution of the question which has been at issue.

Accept [etc.]

ROBERT LANSING

File No. 894.4054/21

The Japanese Ambassador to the Secretary of State

IMPERIAL JAPANESE EMBASSY,
Washington, August 25, 1917.

SIR: The note you did me the honor to address me under date of August 21, 1917, inclosing copy of a reply from the Honorable the Secretary of Labor, in regard to the admission of Japanese wives proceeding to this country unaccompanied by their husbands, was

duly received and I did not fail forthwith to apprise my Government of its contents.

I am now instructed by Viscount Motono to express to you and, through your kind offices, to the authorities concerned the Japanese Government's entire gratification that the pending question has been so satisfactorily composed through a full and frank exchange of views.

Accept [etc.]

AIMARO SATO

File No. 894.4054/22

The Assistant Secretary of Labor to the Secretary of State

DEPARTMENT OF LABOR,
Washington, September 29, 1917.

SIR: Referring to recent correspondence regarding the recognition by the immigration officials, in the administration of the immigration law and particularly of the illiteracy test thereof, of the marriage of Japanese women to men of that race residing in this country, under the peculiar system of marriage in vogue in Japan, the Department desires to call your attention to a new phase of this subject which seems to require immediate and careful consideration.

It appears that the Japanese Government considers that persons born within the United States of parents who are nationals of Japan are citizens of the last named country; and said Government holds that such persons are subject to the laws of Japan at least to the extent that they are still considered as members of families and carried upon family records in the communities from which their parents originally came (and also they are liable to military service). In illustration, the Department might refer to two cases that recently arose in Hawaii.

One Hatsuki Goshi applied for admission at Honolulu on July 17, last, claiming to be the wife of one Shinichi Goshi, and having in her possession the usual documents regarding her identity, her marriage, and the granting of the permission, evidenced by passport, of the Japanese Government to her departing from the Empire. The man to whom she was destined testified that he is 23 years of age; that he was born in Hawaii and has never been in Japan; that his marriage to the applicant was registered by correspondence on October 28, 1916, the arrangement for the marriage having been made by his mother; that he has been arranging, by correspondence, during the past three years to be excused from military duty in Japan; and that he considers himself a citizen of the United States by virtue of the fact that he was born in Hawaii.

One Katsuyo Takata applied for admission at Honolulu on July 12, claiming to be the wife of one Kenichi Takata, and holding the usual documents. Kenichi Takata testified that he was born in Hawaii twenty-five years ago, and was married to applicant by correspondence in November, 1916. He was not questioned with respect to military service and volunteered no information on that point; nor did he assert whether or not he considered himself a citizen of the United States.

Of course, on the claims set up, both of the above-mentioned Japanese men are citizens of the United States, and, being also residents of this country, are subject to the laws of the United States and to the laws of no other country. It will be necessary for this Department to reach a conclusion as to whether or not in cases of this kind the marriage asserted shall be recognized and the woman admitted. While the Department has conceded that with regard to subjects of Japan the Japanese law, as explained to your Department by the Japanese Ambassador, authorizes and gives validity to marriages of the kind in question, the Department can hardly believe that it would be consistent or proper to make such a concession in cases in which one of the parties to the alleged marriage contract is not only a resident but a citizen of this country.

The theory of the Japanese law no doubt is that family and marriage regulations in operation in the Empire reach citizens thereof although at the time residing abroad; that in law, their domicile is that of the family or "house". But it would seem to this Department that consistency on questions of citizenship demands that persons born to American citizenship shall not be permitted to maintain or to obtain the benefits of a foreign citizenship and at the same time retain and claim all the rights, privileges and immunities that attach to the "inestimable heritage" that has become theirs by the fact of their being born in this country. Moreover, it should not be overlooked that the foreign born wife of a United States citizen acquires the citizenship of her husband immediately that the marriage takes place.

Before issuing any instructions on this important matter, the Department would like to be advised with respect to your views.

Respectfully,

LOUIS F. POST

File No. 894.4054/22

The Acting Secretary of State to the Secretary of Labor

DEPARTMENT OF STATE,
Washington, October 11, 1917.

SIR: I have the honor to acknowledge the receipt of your letter of September 29, 1917, relative to a new phase of the subject of the marriage of Japanese women to men of that race residing in this country.

You cite the cases of several men of Japanese race who claim to be citizens of the United States by virtue of having been born in Hawaii and who desire to bring into Hawaii Japanese women to whom they have been legally married, according to Japanese law, by correspondence.

This Department agrees with the opinion expressed in your letter under acknowledgment, that although it may be conceded that with respect to subjects of Japan, the Japanese law authorizes and gives validity to marriages of this kind, nevertheless it would seem consistent and proper that persons residing in, and claiming citizenship of, the United States should be required to observe the laws of this country.

As a solution of this difficulty I have the honor to suggest that these women be admitted the same as other "picture brides", but that, since the husbands are American citizens, a marriage ceremony in conformity with the law of the United States be required also.

In this connection I have to call your attention to a statement in your letter of September 29 which is apparently erroneous so far as concerns Japanese women. At the bottom of page 3 you say:

Moreover, it should not be overlooked that the foreign born wife of a United States citizen acquires the citizenship of her husband immediately that the marriage takes place.

It is the understanding of this Department that a Japanese woman does not acquire American citizenship by marriage to an American citizen, since under the law of the United States persons of Japanese race cannot become naturalized citizens of this country.

I have [etc.]

WILLIAM PHILLIPS

File No. 894.4054/23

The Assistant Secretary of Labor to the Secretary of State

DEPARTMENT OF LABOR,
Washington, November 21, 1917.

SIR: Careful consideration has been given to the contents of your letter of the 11th ultimo, in which you suggest that Japanese women who come to ports of the United States claiming to be the wives of Japanese-American citizens and to have acquired that status through the process of registration in vogue in Japan as a system of marriage, should be required to go through with a marriage ceremony in conformity with the law of the United States after arrival at a port of this country.

This Department does not believe that the difficulty with which it finds itself confronted should be solved by the adoption of your suggestion. This Department has always declined (and it is understood the practice obtained long before the Department was established and assumed jurisdiction of immigration matters) to permit women to come to ports of the United States from China and qualify for admission to the United States under the Chinese-exclusion and immigration laws by there being married to Chinese-American citizens. In enforcing the new immigration law the Department is following a similar practice with respect to aliens generally; for instance, it is not permitting any illiterate alien woman to come to a port of the United States and there qualify for admission as the wife of a United States citizen or of a domiciled alien by marrying such citizen or alien. You can readily understand, therefore, that it could not afford to establish a practice with respect to the admission of Japanese women on the ground that through marriage they had become the immediate members of the family of a Japanese domiciled here when the marriage was to be contracted after the alien arrived at a port of this country.

In view of the foregoing, and of the fact that in your letter of October 11 you state that you agree with this Department's view that consistency forbids the holding that a form of marriage, not valid in this country, but recognized as valid in Japan when contracted between subjects of that Empire, is to be regarded as valid when one party thereto is not only a resident but a citizen of the United States, it is the purpose of this Department to hold that in cases of this kind marriage will not be permitted after the woman arrives at a port of the United States and that such a woman cannot be admitted as the wife of a Japanese-American citizen unless the latter proceeds to a place where both he and his intended wife will be under the jurisdiction of the country in accordance with the laws of which the marriage is contracted.

Respectfully,

LOUIS F. POST

LIBERIA

POLITICAL AFFAIRS. REFORMS SUGGESTED BY THE GOVERNMENT OF THE UNITED STATES

File No. 882.00/562a

The Secretary of State to Minister Curtis

No. 23

DEPARTMENT OF STATE,
Washington, April 4, 1917.

SIR: The Government has given careful consideration to reports on Liberian affairs received from officials of the Republic, the Legation, the General Receiver of Customs, the Military Attaché and other competent sources, with the result that the conclusion has been reached that the Government of Liberia faces the necessity of giving practical effect to the suggestions contained in these instructions if the fraternal assistance of the United States in Liberian affairs is to be continued.

The General Receiver of Customs and the Secretary of the Legation, before leaving for their posts, were given oral instructions as to certain desirable reforms, and these, together with additional views of the Department, are embodied herein for your information in order that you may communicate them formally and officially to the Government of Liberia.

The Department has in the past made known to the Government of Liberia through your office its disappointment in the administration of Liberian affairs, and the time has now arrived when this Government, as next friend of Liberia, must insist upon a radical change of policy. The Government of the United States can no longer be subjected to criticism from other foreign Powers as regards the operation of the loan agreement, and can no longer tolerate failure on the part of the Liberian Government to institute and carry out necessary administrative reforms.

Unless the Liberian Government proceed without delay to act upon the advice and suggestions herewith expressed, this Government will be forced, regretfully, to withdraw the friendly support that historic and other considerations have hitherto prompted it to extend.

You may assure the Government of Liberia that it has no reason to fear any lack of interest in Liberia's welfare from the Department's attitude herein expressed, but that on the contrary, prompt and honest cooperation on the part of Liberia in carrying out the reforms herein enumerated will result in closer and more friendly relations between the two Governments and the increased success and prosperity of the Republic of Liberia.

The various items of reforms will be briefly discussed, the changes which you will insist upon being noted separately:

ARMS AND AMMUNITION

War Department Notice of October 1915 and Executive Order No. 4 of October 7, 1915, should be strictly enforced.

In order that the General Receiver of Customs may assist the Government of Liberia in controlling the traffic in arms and ammunition, he should be given notice promptly of all permits to import or sell that may be issued by the Secretary of War.

The General Receiver should be consulted in reference to the issuance of all commercial permits and all permits involving large transactions.

The General Receiver should countersign all commercial permits and all permits involving large transactions.

All legislation relating to the importation and sale of arms and ammunition should be reviewed by the General Receiver, and there should be enacted a general act covering such importation and sale. In this connection reference is made to Articles VIII to XIV of the General Act of Brussels of 1890.¹

INTERIOR ADMINISTRATION

Executive Order No. 5 of October 12, 1915, and Executive Order No. 6 of October 13, 1915, should be strictly enforced.

It is suggested that Mr. Massaquoi should not be longer employed in connection with native affairs. His ability is not questioned, but it is thought that he is unfitted for employment in connection with the interior administration.

The number of commissioners and other civil officials in native districts should be limited by agreement between the Government, the Financial Adviser, and the Commissioner General for the Anglo-Franco-Liberian boundaries.

No commissioner or other civil official should be stationed in the interior until his qualifications have been scrutinized and his appointment agreed upon by the Government of Liberia and the officers mentioned.

Summary and adequate punishment should be inflicted upon any civil or military official of the interior administration who is found guilty of misconduct.

Temporary arrangements for the efficient collection and administration of existing taxes should be made only after consultation with the Financial Adviser.

A simple, modern, effective plan of administration of the interior should be drawn up and adopted at the earliest practicable date. In this connection reference should be made to Major Young's draft. Native customary law should not be lost sight of; taxes should be collected, so far as possible, through chiefs; an equitable portion of taxes collected should be applied to public work of direct benefit to natives; and the practice of exchanging "dashes" should be suppressed.

No new taxes should be imposed upon natives until a plan of administration of the interior shall have been adopted.

The Interior Department and the War Department should be combined under one head.

¹ Malloy's Treaties, vol. 2, pp. 1970-1973.

FINANCIAL REFORM

The depositary agreement with the Bank of British West Africa² should be strictly enforced.

All public moneys (not assigned revenues) should be brought under the control of the Secretary of the Treasury.

No disbursement not authorized by the current budget, or in excess of the amount authorized, should be made without the sanction of the Financial Adviser.

The character of disbursements chargeable to a lump appropriation should be carefully scrutinized.

While revenues are insufficient to meet authorized disbursements, the Secretary of the Treasury and the Financial Adviser should jointly decide what disbursements (within the budget) shall be made currently; acting with the Financial Adviser, the Secretary of the Treasury should prepare a definite plan of payment therefor and this plan should be made public.

Agreeably to the provisions of Section 2 of the Emergency Mode of Procedure Act of March 12, 1915, the staffs of the several departments of Government should be reduced to such a minimum number as may be actually necessary for the proper conduct of the business of their departments.

In case of public exigency involving extra budget disbursements there should be a conference between the President, the Secretary of Treasury and the Financial Adviser; no disbursement should be made until the existence of the exigency is jointly recognized and the amount to be disbursed therefor is agreed upon.

No loans should be made by the Liberian Government unless the Financial Adviser has assented thereto in writing.

Disbursements on account of judiciary expenses should be carefully scrutinized; the expenses of the judiciary should be greatly curtailed.

Disbursements on account of pensions, etc., should also be carefully scrutinized; the pension list should be revised and brought into conformity with law.

The organizations of all departments and bureaus having to do with the collection, the custody or the disbursement of public moneys should be subjected to the scrutiny and supervision of the Secretary of the Treasury and the Financial Adviser; necessary readjustments should at once be made.

Existing systems of accounting, including property accounting and record keeping, should be critically examined with a view to the putting into effect of a system of financial administration which shall secure economy in the use and expenditure of the public funds and a proper accounting of all moneys received and disbursed by the Republic.

The floating debt should receive the immediate consideration of the Secretary of the Treasury and the Financial Adviser. Undue increase of the floating debt should be prevented; a rational plan for its ultimate retirement should be devised; "jobbing" in Government paper should be put an end to, and the negotiability of Government paper should, so far as possible, be limited.

It should be made clear by the Executive Government to the Legislature that appropriations must be kept within the estimates submitted annually by the Secretary of the Treasury.

² Printed under Financial Affairs, p. 889.

The Financial Adviser should be timely consulted in regard to all matters directly or indirectly affecting the finances of the Republic, external or internal, and in regard to all matters that affect or may affect the receivership, including legislation and concessions.

Any draft of act or covering document prepared by the Financial Adviser in accordance with Article Fourth (d) Paragraph 2, of the Loan Agreement should be forwarded to the Legislature by the Secretary of the Treasury promptly and in the original form.

All drafts of acts submitted by the Financial Adviser should be given due consideration by the Legislature.

No draft of act submitted by the Financial Adviser should be altered or amended by the Legislature except after conference with the Financial Adviser.

The Financial Adviser should be advised promptly of the rejection of any draft of act submitted by him to the Legislature, definite reasons therefor being assigned.

The Financial Adviser should be advised promptly of the enactment of any legislation directly or indirectly affecting the finances of the Republic or the receivership; the texts of such acts should be promptly transmitted to him.

There should be a permanent reduction in the staff of civil employees of the Government, such only being retained as are essential to meet the actual need of Government.

The salaries of members of the Legislature should be reduced to a reasonable standard. Five hundred dollars per annum is the utmost that should be paid to a member of the Legislature.

Cabinet officers and other principal officials of the Executive Government who may be retained after the readjustment of the civil list should derive a compensation for their services from their salaries alone, and to that end their salaries should be increased to a reasonable living amount.

The Republic should by law provide for the appointment of a Government auditor who should be given full powers; the accounts of the Customs Receivership, the Liberian Frontier Force, and the general Government, including the Post Office Department, should be made to pass through his office. It is suggested that the Government auditor should be a foreigner of known competence, preferably an American.

POST OFFICE DEPARTMENT

All postal revenues should be included in the depositary agreement with Bank of British West Africa.

The Postmaster General should be required to submit itemized accounts to the Secretary of the Treasury not less often than quarterly.

No disbursement not authorized by the current budget, or in excess of the amount authorized, should be made without the sanction of the Financial Adviser.

The character of disbursements chargeable to a lump appropriation should be carefully scrutinized.

While revenues are insufficient to meet authorized disbursements, the Postmaster General, the Secretary of the Treasury and the Financial Adviser should jointly decide what disbursements (within the

budget) shall be made currently. A definite plan of payment should be drawn up.

The Financial Adviser should be associated with the Postmaster General in a thorough inquiry into the accounting system of the Post Office Department. All records and books of account should be gone into and all abuses and irregularities corrected.

The Financial Adviser should be associated with the Postmaster General in a thorough investigation of Liberia's indebtedness to foreign postal administrations. A method should be devised to clear off existing arrears, to reestablish the Department's credit with foreign administrations and to prevent loss of credit in future.

The Financial Adviser should be associated with the Postmaster General in a searching investigation of the manufacture and sale of Liberian postage stamps. All abuses and irregularities in this regard should be corrected and any profit arising from the manufacture, sale or exchange of postage stamps should be passed to the credit of the Government.

LEGISLATION

A simple and effective quarantine act in general accordance with the draft already approved by the Executive Government should be enacted.

The Act of November 7, 1916, relative to customs rules and regulations should be made applicable to rules and regulations issued by the General Receiver of Customs prior to November 7, 1916.

An act should be passed prohibiting under heavy penalty the distillation of potable spirit within the territories of the Republic. In this connection reference should be had to Articles XC to XCV of the General Act of Brussels of 1890 and to Articles I and II of the Amendatory Convention of June 8, 1899.³

Acts and joint resolutions now on the statute books, conflicting with fundamental laws previously enacted, or not in harmony with measures of retrenchment made necessary by the European war, should be suspended by the Executive pending the meeting of the Legislature.

MILITIA

The Military Attaché of the Legation at Monrovia should be asked to make recommendations looking to the reorganization of the militia.

LIBERIAN FRONTIER FORCE

The plan for the administration of the Liberian Frontier Force funds agreed upon June 1, 1914, should be strictly followed.

It should be clearly understood that under Article Fourth (c), Paragraph 1, of the Loan Agreement the General Receiver of Customs has authority to disburse the Frontier Force funds; this authority may be exercised if the plan agreed upon June 1, 1914, fails to eliminate irregularities.

Prior to the incurrence of liability the General Receiver should be consulted in reference to all but routine expenditures of the Frontier

³ Malloy's Treaties, vol. 2, p. 1994.

Force. No material increase in the strength of the Frontier Force should be made; no large orders for provisions or supplies should be placed; no extensive construction of roads or barracks entered into until the General Receiver's assent has been obtained.

It must not be forgotten that the General Receiver is obliged to provide funds for the upkeep of the Frontier Force. He has frequently been embarrassed by what appears to be extravagance on the part of the Frontier Force. It is not charged that expenditures are not being kept within the budget but it has often been difficult to provide the relatively great sums that are demanded from month to month by the Secretary of War.

The General Receiver should be given promptly any and all information he may request bearing directly or indirectly upon the finances of the Frontier Force.

A simple but effective system of accounting, and an adequate system of record keeping, should be adopted and rigidly adhered to. There should be instituted a proper system of property accounting.

A definite scheme of reorganization of the Frontier Force, either that prepared by Major Young or a modification of it, should be adopted immediately. In this connection the Military Attaché of the Legation at Monrovia should be invited to make recommendations.

All laws affecting the Frontier Force in conflict with the loan agreement or the scheme of reorganization adopted should be specifically repealed.

Until the services of American officers are dispensed with the Frontier Force should remain under the command of an officer designated in accordance with the provisions of Article Fourth (c), Paragraph 1, of the Loan Agreement.

The cadet school organized by Major Young should be continued by the Military Attaché of the Legation at Monrovia.

The status of the Military Attaché of the Legation at Monrovia should be accurately defined and his advice should be sought in all military matters, as the advice of the Financial Adviser is sought in all matters affecting the finances of the Republic.

CUSTOMS RECEIVERSHIP

All irregularities in connection with the recruiting of native labor should be eliminated. It is suggested that the receivership should be given control specifically of all matters relating to such recruiting. The receivership by the Loan Agreement is given control of the collection and administration of assigned revenues, including head-moneys—the tax upon native labor exported.

After consultation with those interested, the question of allowances to foreign officials of the Government, including members of the receivership, the Inspector General of Hygiene, the American officers of the Frontier Force and the Boundary Surveyor, should be definitely disposed of.

The granting of concessions should be greatly restricted; the financial standing of all applicants for concessions should be inquired into and concessions should be given only to reliable companies or individuals who intend to work them; and no monopolies or concessions in perpetuity should be granted.

The Department approves of quarterly accounting by the General Receiver of Customs.

In case of disagreement between the General Receiver of Customs and Financial Adviser and the Liberian Government an agreed statement of the case should be submitted promptly to the Department of State for its opinion.

The Department is convinced that the foregoing suggestions should be modeled into a definite reform program and carried out through the sympathetic and harmonious cooperation of the Liberian Government with the American agents in the Republic. It is anticipated that Mr. Bundy, who has had an opportunity to become fully informed of the Department's views on Liberian affairs, will, by conferring with you and officials of the Government, communicate what has been expressed to him.

You will make at short intervals detailed reports upon the progress of Liberian reforms and will solicit directly from the Liberian Government data to be used in preparing such reports.

In bringing the above matters to the attention of the Liberian Government you may discreetly make known to it that while the Government of the United States will cheerfully accept promises in connection with the above enumerated reforms, it will not be satisfied with promises alone, tangible and permanent results must follow.

A copy of this instruction is enclosed for the information and discreet use of the General Receiver of Customs.

I am [etc.]

ROBERT LANSING

File No. 882.00/565

Minister Curtis to the Secretary of State.

No. 112

AMERICAN LEGATION,
Monrovia, July 9, 1917.

SIR: I have the honor to report the receipt of the program of reform in the administration of the Government of Liberia proposed by Department, a copy of which was transmitted to General Receiver of Customs.

A memorandum of said program was transmitted promptly to the Liberian Government accompanied with a note, a copy of which is herewith enclosed marked enclosure No. 1.

Before bringing the matter to the attention of the Liberian Government, I invited the General Receiver and Major commanding the Liberian Frontier Force to confer with me, the Secretary of Legation and the Military Attaché.

All of the above-named were present at the said conference which was held in the Legation and every detail of the said program was discussed and each conferee was in accord as to the desirability of reform in administration of the affairs of Liberia and of one mind as to his willingness and determination to lend all possible aid in furtherance of the adoption by Liberia of the suggestions and proposals of Department.

There seems to be a disposition on the part of Liberia to act without delay upon the said memorandum of reform, as evidenced by the

calling of the Legislature in extra session for that purpose, for July 16.

The progress of the Legislature in the premises will be reported to Department with all convenient despatch.

I have [etc.]

JAMES L. CURTIS

[Inclosure]

Minister Curtis to the Liberian Secretary of State

AMERICAN LEGATION,
Monrovia, June 25, 1917.

SIR: I have the honor to enclose herewith for the information of the Government of Liberia, a memorandum of a definite reform program suggested by the Department of State at Washington for adoption by the Liberian Government.

I am instructed by the Department, in connection with said memorandum of desirable reforms, to make known to the Government of Liberia its keen interest in the growth, development and national well-being of Liberia and its disappointment in the administration of Liberian affairs, as it feels now that the time has arrived when the Government of the United States, as next friend of Liberia, must insist upon a radical change of policy or continue to be subjected to criticism from other foreign Powers as regards the loan agreement, which it is not disposed to do.

The temper of the Department as disclosed in said instruction is such as calls for immediate action on the part of the Liberian Government with respect to the advice and suggestions set out in the enclosed memorandum, if it would escape the consequences of the withdrawal of the friendly support that purely altruistic considerations have hitherto prompted the Government of the United States to extend.

The manifest determination of the Department, on the other hand, not only to maintain, but to enlarge upon, the historic attitude of the friendly interest of the Government of the United States in Liberia's welfare, in the proportion of Liberia's prompt and honest cooperation in carrying out the said suggested reforms, is just as unmistakable.

Increased success and prosperity for the Republic of Liberia will, I am sure, result from the closer and more friendly relations between the two Governments, which will follow in the wake of the adoption by Liberia of said suggested reforms, while the absence of tangible and permanent results in this regard, will doubtless cause the Department to reach the conclusion, that the failure to thus translate promise into performance represents the bent of the Republic as to the need or desirability of reforms.

I have [etc.]

JAMES L. CURTIS

File No. 882.00/567

Minister Curtis to the Secretary of State

No. 127

AMERICAN LEGATION,
Monrovia, August 13, 1917.

SIR: I have the honor to report for the information of Department that the special session of the Liberian Legislature which convened here on July 16, has for the most part followed the recommendations of the Chief Executive in connection with the program of administrative reform heretofore suggested to the Liberian Government by Department.

The exceptions noted to the above, are the defeat or the emasculation of bills in consonance with said recommendations touching the adjustment of the liquor traffic to the provisions of the Brussels Act, the consolidation of the Departments of War and Interior and the

equalization of the salaries of the executive and legislative branches of the Government.

Laws have been enacted as follows:

1. Creating the office of Auditor and providing for the salary of the incumbent.
2. Consolidating all revenues, other than assigned.
3. Defining two zones in connection with the liquor traffic, one zone comprising the territory forty miles from the coast interiorward (civilized centers), in which the traffic in liquor is permissible and the other comprising the entire hinterland in which said traffic is prohibited.
4. Providing for the registration of the floating debt of the Republic.
5. Consolidating the Departments of the Interior and Education.
6. Suspending the offices of Superintendent of Montserrado County (Monrovia) and the Monthly Court (probate) of said County.
7. Regulation respecting arms and ammunition.
8. Quarantine regulations.

The views of the lawyers of the Legislature, pertinent to the liquor traffic and the applicability thereto of the provisions of the Brussels Act, which they urged successfully on the members generally, were, first, that Liberia being a signatory Power to said act, became for the purpose of the act, a European State, equally interested with the other Powers in protecting from the ill effects of alcohol, the African indigenes whose self-mastery is inadequate protection therefrom and second, that the provisions of said act, touching the African Provinces or Colonies of European States whereby in said area, the creation of certain zones are authorized in which alcohol may be manufactured and sold under proper regulations, apply to the Americo-Liberian element governing Liberia and justify the Government in enacting the zones legislation without transgressing or evading the letter or spirit of the Brussels Act.

The views of the lawyers in the Legislature with respect to the consolidation of the Departments of War and Interior, which were adopted by the Legislature generally, were that the War Department, being authorized and created by the Constitution, cannot be abolished except by Constitutional amendment and that any statute seeking to do so is void *ab initio*.

Perhaps the leading lawyer in the House, who I think is chairman of the Judiciary Committee, said to me that as the obvious desire and intent of Department was to promote retrenchment, the consolidation of the Department of Education with that of the Interior substantially meets the ends sought by Department, to which I replied by the query, would the addition of the duties of the Interior Department (not a constitutional office) to those of Secretary of War in any way run counter to constitutional provisions?

The bill presented, designed to equalize the salaries of the members of the executive and legislative branches of the Government, provided for the reduction of the salaries of the members of the Legislature, who actively serve two months per year, from \$1,000.00 per annum, to \$500.00 per annum, and by the same token for the increase of the salaries of the Cabinet members who actively serve twelve months per year from \$1,200.00 and \$2,000.00 per annum to \$3,000.00 per annum. The bill failed of passage and the Legislature adjourned,

however, the President is determined to exert every proper influence to effect its passage and with that end in view has again called the Legislature together in special session to meet Monday, August 13, 10 a. m., at which session it is quite likely that the desires of the President will prevail.

I submit that, as an earnest of the intention of the Liberian Government to adopt the suggestions of the Department relative to designated administrative reforms, the action already taken and that portending are very significant as showing a realization on the part of the Liberian Government that performance must supersede promise in all things relating to the evolution and development of its laws, its customs and its domain.

As indicating the punctilio with which the Liberian Government is endeavoring to adopt the suggestions of Department, it might be added that Mr. Massaquoi has been removed from any participation in the affairs of the Department of the Interior and that the Liberian militia has been taken under the active supervision of the War Department and subject to the orders of Major J. H. Anderson, in consequence of which a wonderful transformation in its bearing and *esprit de corps* is apparent to the most casual observer.

I am convinced that an honest effort is being made by Liberia to prove worthy of the interest heretofore and now taken in her welfare by the Government of the United States.

I have [etc.]

JAMES L. CURTIS

File No. 882.00/5 '5

The Secretary of State to Minister Curtis

No. 29

DEPARTMENT OF STATE,
Washington, August 22, 1917.

SIR: The Department has received your No. 112 of July 9, 1917, reporting in regard to the reform in the administration of the Government of Liberia proposed by the Department.

You are instructed to keep the Department promptly and fully advised of any action by the Liberian Government concerning this matter, using the cable when deemed necessary.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS

File 882.00/575

Minister Curtis to the Secretary of State.

No. 140

AMERICAN LEGATION,
Monrovia, October 3, 1917.

SIR: I have the honor to report for the information of the Department as directed in Department's diplomatic instruction No. 23 of April 4, 1917, the progress made by the Liberian Government in translating into deeds the promises made in connection with the program of administrative reform suggested by Department for adoption by it as follows:

The laws passed designedly to effectuate the desired improvement, seem to be working smoothly with an apparent desire on the part of all concerned to cooperate one with the other.

The enforcement of the law respecting the area in which the manufacture and sale of spirituous liquors is forbidden, while hardly meriting dithyrambic praise, does not evoke Cassandric prophecies, for the isolated case of the evasion thereof has, I am informed, been promptly rebuked by the President of the Republic and repetition forbidden.

There is some evidence of somnolent dissatisfaction on the part of certain members of the Legislature at the reduction of their salaries, that may manifest itself at the impending regular session of that body.

Captain Green, who is being freely consulted by the Liberian Government in its efforts to improve the efficiency, morale and *esprit de corps* of its military organization, has taken charge of the school for cadets, who are officers of the Frontier Force in embryo, and is making commendable progress in his efforts to have the military arm of the Government service approximate American standards.

There is in my judgment need of amending the law creating the Government auditor as previously reported.

The pith and pemmican of any just conclusion, as to the disposition of the Liberian Government to wholeheartedly adopt the said program of reform, if predicated upon the official and private acts of its agents and representatives, must needs be an avowal that the Government is honestly striving to make its performance square with its promises.

I have [etc.]

JAMES. L. CURTIS

File No. 882.00/570

The British Embassy to the Department of State

[Memorandum]

No. 482

The British Embassy have the honour to communicate the following information with regard to affairs in Liberia, in case it should be of interest to the Department of State.

The selection by the President of Liberia of Mr. Walter F. Walker as Secretary of the Treasury has been badly received by the Liberian public, and a public meeting of protest was held at Monrovia, as a result of which the chairman of the meeting, ex-President Arthur Barclay, handed an official protest to the President, who declined to receive it.

The action of the President in the matter is reported to have been very badly received, and it is represented as possible that a serious Government crisis may be developed, resulting perhaps in the removal of Mr. Howard from the Presidency. Should this occur, ex-President Barclay, who is probably now the most popular man in Liberia, seems the most likely candidate for the head of any Government which might be formed.

BRITISH EMBASSY,

Washington, November 8, 1917.

File No. 882.00/570

The Department of State to the British Embassy

[Memorandum]

By its memorandum of November 8, 1917, the British Embassy were so good as to communicate, as of interest to the Department of State, the following information: [Repeats second and third paragraphs of above-mentioned memorandum.]

The information communicated by the British Embassy concerning the displeasure with which the appointment of Mr. Walker was received in Liberia conforms in a measure to similar information received by the Department of State from the American Legation at Monrovia, which makes no mention, however, of any movement arising therefrom, for President Howard's removal. Should such an event occur, the Government of the United States would be disposed to leave the selection of Mr. Howard's successor to the will of the Liberian people.

DEPARTMENT OF STATE,
Washington, November 23, 1917.

File No. 882.00/572

The British Embassy to the Department of State

No. 546

The British Embassy have the honour to acknowledge the memorandum from the Department of State, dated the 23d instant, on the subject of the political situation in Liberia, and the possibility of a movement in that country with the object of replacing President Howard.

His Majesty's Government fully concur in the view that, should any such development occur, the selection of Mr. Howard's successor should be left to the choice of the Liberian people. The reports received at this Embassy, of which a brief summary was communicated to the State Department in the Embassy's memorandum No. 482 of November 8, appeared to indicate that there was, at the time at which they were written, a party among the Liberians in favour of the return of Mr. Barclay to the Presidency, and it was to this movement that reference was made in the last sentence of that memorandum.

BRITISH EMBASSY,
Washington, November 27, 1917.

FINANCIAL AFFAIRS⁴

File No. 882.51/742

Minister Curtis to the Secretary of State

No. 89

AMERICAN LEGATION,
Monrovia, March 23, 1917.

SIR: I have the honor to enclose herewith a copy of the loan and depositary agreement between the Government of Liberia and the

⁴Continued from For. Rel. 1916, p. 458.

Bank of British West Africa Ltd., signed February 21, 1917, as a substitute for the agreement heretofore brought to the Department's attention.

I have [etc.]

JAMES L. CURTIS

[Inclosure 1]

Memorandum of Agreement between the Government of the Republic of Liberia and the Bank of British West Africa, Limited

This agreement entered into this twenty-first day of February in the year of Our Lord one thousand nine hundred and seventeen by and between the Government of the Republic of Liberia (hereinafter called "The Government") of the First Part and the Bank of British West Africa, Limited (hereinafter called "The Bank") of the Second Part, witnesseth:

1. This agreement shall be supplemental to and shall be construed in conjunction with the agreement entered into between the Bank and the Government dated the 4th February, 1916, hereinafter referred to as "The Depositary Agreement."

2. In addition to the services rendered by the Bank to the Government by receiving and accounting for moneys, etc., as detailed in the Depositary Agreement it is hereby agreed that:

(a) The Bank shall upon the first day of each month at the request of the Government approved by the President, advance to the Government a sum not exceeding (\$9,000) nine thousand dollars. The money so advanced shall be placed to the debit of Number 2 Account. If and when the balance standing to the debit of the Number 2 Account shall have reached the sum of one hundred thousand dollars (\$100,000), no further advances shall be granted by the Bank.

(b) In consideration of the agreement contained in the last preceding subclause (a) and of the advances to be made thereunder the Government hereby extend the life of the Depositary Agreement until the 31st December, 1920 or until such later date when the entire indebtedness of the Government to the Bank under this agreement shall have been repaid.

3. All the revenues and receipts of the Government specified in the Depositary Agreement and any sum or sums paid over to the Government by the Customs Receivership shall be placed directly to the credit of the Number 2 Account of the Government with the Bank.

4. So long as the Government shall be indebted to the Bank under this agreement no more than half pay as set forth in column 3 entitled "Minimum Emergency Mode of Procedure Act" of Exhibit "A" attached hereto which exhibit forms part and parcel of this agreement shall be paid in cash by the Government to any of its officials other than foreign officials in the service of the Government and employees paid by the Receivership.

5. If at any time during the life of this agreement owing to the exigencies of war or by reason of general or specific instructions issued by the British Government the Bank shall be unable to give effect to any or all of the provisions of this agreement or the Depositary Agreement it is understood and agreed that no liability shall attach to the Bank.

6. The terms upon which the Bank shall make advance to the Government under Clause 2, sub-clause (a) of this agreement are as follows:

(a) A flotation commission of one-half of one per centum upon the principal amounts of each loan.

(b) Interest to be charged at the rate of seven per centum per annum upon the daily balance standing to the debit of the Government's Number 2 Account with the Bank.

(c) The flotation commission shall be paid at the time each loan be made and a statement of interest shall be furnished by the Bank to the Secretary of the Treasury monthly, when settlement will be made.

7. When the Bank, under the provisions of Clause 2, sub-clause (a) or Clause 5 of this agreement, shall cease to make further advances to the Government all of the revenues deposited with the Bank up to the sum of nine thousand dollars (\$9,000) monthly shall be available for expenditure by the Government for its support notwithstanding any indebtedness which may be outstanding against

the Government with the Bank at that time. All sums deposited in excess of nine thousand dollars (\$9,000) monthly shall be retained and placed toward the reduction of the Government's indebtedness to the Bank.

8. During the life of this agreement the Bank on their part agree, subject to the provisions of Clause 5 hereof, to maintain a banking establishment at Monrovia, as at present, for the purposes set out in the Depositary Agreement as amended. If at any time during the life of this agreement the Bank shall dispose of the whole or any portion of their business in Liberia, the Bank shall have the right to transfer this agreement to any bank, firm or company that may thus become their assigns.

9. Clause 3 of the Depositary Agreement shall be read as if the words "at present" were inserted between the words "licenses" and "prescribed" and the Government shall not, during the currency of these agreements, make any reissue or any further issue of indebtedness certificates, paper currency, or other obligations of indebtedness evidenced by negotiable paper.

10. In the event of the Bank having in its possession at the expiration of the period provided by Clause 2 hereof for the termination of the Depositary Agreement any Liberian silver or copper coin received by the Bank under Clause 4 of the Depositary Agreement, the life of the Depositary Agreement shall be extended until the Government shall have taken back the whole of such silver or copper coin if so requested by the Bank as provided for in Clause 4 of the Depositary Agreement.

11. The Government being liable for certain existing claims as listed in Exhibit "B" attached hereto which exhibit forms part and parcel of this agreement, it is hereby agreed by the Bank that in the event of any or all of these claims being pressed and payment demanded, the Bank shall allow the Government to apply one-half of the available surplus revenues accruing monthly under Clause 3 and 7 hereof in satisfaction of such claims.

12. This agreement shall run concurrently and expire with the Depositary Agreement as set forth in Clause 2, sub-clause (b) and Clause 10 hereof.

13. The General Receiver of Customs shall, in his official capacity as "Financial Adviser to the Liberian Government", sign this agreement as evidence that same has received his consideration and meets with his approval.

14. The Government agrees to forward a copy of this agreement to the British Consul General at Monrovia requesting him to take cognizance thereof and to communicate the terms thereof to the British Foreign Office.

In witness whereof we have affixed our hands and seals in the City of Monrovia in the County of Montserrado and the Republic of Liberia the day and date first above written.

[L. s.]

JAS. F. COOPER,
Secretary of the Treasury, R. L.

H. W. ROSS-BELL, *Mgr.*,
For the Bank of British West Africa, Ltd.

H. F. WORLEY,
General Receiver of Customs
and Financial Adviser of the Republic of Liberia.

Signed, sealed and delivered in the presence of—

G. HOPE
JOSEPH J. SHARP
B. L. MACLEAN

File No. 882. 51/747

The French Ambassador to the Secretary of State

[Translation]

FRENCH EMBASSY,
Washington, June 25, 1917.

MR. SECRETARY OF STATE: By reason of the German Receiver's early departure from Liberia and with a view to allaying the concern which the American Receiver General seems to take in that circumstance, the Government of the Republic, the British Government concurring, suggests that if, contrary to present expectations, difficulties should arise among the three Receivers remaining in Liberia, they

be adjusted through the diplomatic channel. This mode of procedure would make it unnecessary to designate a new receiver of neutral or allied nationality and at the same time afford every guaranty to the Governments concerned.

I should be thankful to your excellency if you would let me know whether the Federal Government is disposed to take favorable action on my Government's suggestion, as Mr. de Laboulaye, Secretary of the Embassy was led to hope by the Hon. William Phillips.

Be pleased to accept [etc.]

JUSSERAND

File No. 882.51/748

The British Embassy to the Secretary of State

[Memorandum]

In view of the forthcoming departure of the German Receiver from Liberia and in order to meet certain doubts which seem to have arisen in the mind of the American Receiver General in this connection, His Majesty's Government, in accord with the French Government, suggest that in case difficulties should arise between the three Receivers remaining in Liberia, a contingency which under the new conditions does not seem probable, they should be settled through diplomatic channels. This mode of procedure would render unnecessary the appointment of a new Receiver, whether of allied or neutral nationality, and would at the same time afford all guarantees to the Governments concerned.

In submitting the above to the favourable consideration of the Secretary of State, His Majesty's Ambassador has the honour to express the hope that the suggestion may meet with the approval of the United States Government.

BRITISH EMBASSY,

Washington, June 27, 1917.

File No. 882.51/749

The Acting Secretary of State to the French Ambassador

DEPARTMENT OF STATE,

Washington, July 9, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of June 25, 1917, in which you inform me that, by reason of the German Receiver's early departure from Liberia and with a view to allaying the apparent concern of the American Receiver General, the Government of the Republic, the British Government concurring, suggests that if, contrary to present expectations, difficulties should arise among the three Receivers remaining in Liberia, they be adjusted through the diplomatic channel, which mode of procedure would make it unnecessary to designate a new receiver of neutral or allied nationality and at the same time afford every guaranty to the Governments concerned. You ask to be advised whether this Government is disposed to take favorable action on your Government's suggestion.

In reply I have the honor to say that the proposal which your Government makes is entirely agreeable to this Government.

Accept [etc.]

FRANK L. POLK

File No. 882.51/749

The Acting Secretary of State to Minister Curtis

[Telegram]

DEPARTMENT OF STATE,
Washington, July 17, 1917, 6 p. m.

As fiscal agent of Liberia, National City Bank of New York holds approximately \$142,000 par of original authorized issue of bonds as reserve against certain claims against Liberia. These claims no longer existent, and therefore Bank thinks no longer necessity for continuance this reserve on such account.

Shortly after assuming duties as General Receiver, Mr. Worley made request for turning over portion this reserve for purpose of public works in Liberia. Bank replied February 7, 1917 that under sixth section of Refunding Loan Agreement they are authorized to certify and deliver any unissued bonds upon order of Liberian Secretary Treasury countersigned by General Receiver of Customs on payment to Bank of gross proceeds of sale thereof and that agreement provides such proceeds shall be held by Bank and paid solely to reimburse Liberia for expenditures made by it for public improvements of a character and to an amount approved by General Receiver and Receivers or majority of them. The Bank added they had no facilities for sale these bonds and could not undertake to market them and that would be improper for Bank to do so then in view of probable default in the next semiannual interest payment.

In furnishing this information to Department Bank stated that even if desired to put at disposition Liberia reserve now in custody of Bank, it will be necessary first to market the bonds constituting the reserve and that it is very doubtful under existing financial conditions whether any sale of the bonds can be arranged.

In view of this statement ascertain whether Liberian Government still wants the bonds put on the market. Obtain also views of Receiver General.

POLK

File No. 882.51/754

Minister Curtis to the Secretary of State

No. 121

AMERICAN LEGATION,
Monrovia, August 10, 1917.

SIR: I have the honor to transmit herewith enclosed the views of the Receiver General of Customs anent the advisability of putting on the market the bonds, in the sum of approximately \$142,000.00, held as reserve by the fiscal agents of the Liberian Government, against certain claims existent against Liberia at the time of the consummation of the loan and since that time satisfied and discharged.

In conversation with the President and also with the Secretary of State I have been given to understand that the views of the Liberian Government are in accord with those entertained and expressed by the Receiver General, although I have not received the Government's views in official form.

I have [etc.]

JAMES L. CURTIS

[Inclosure]

The Receiver General of Customs to Minister Curtis

MONROVIA, July 27, 1917.

SIR: In reply to your letter of July 20, in re \$142,000 in bonds reserved against unadjusted indebtedness.

I have had several letters from the National City Bank on the subject of this cablegram and it was practically decided to allow the matter to remain *in statu quo* until after the war when the bonds could be more easily marketed and with little or no loss in discount.

In view of the probable heavy loss by discount if the sale of these bonds is effected during the continuance of the war, I agree with the Bank that their sale be postponed until a more propitious opportunity presents itself.

Almost from the time of my arrival here I have urged the sale of these bonds so that the proceeds might be available for the purposes and by the methods contemplated in the Loan Agreement. In view of the entrance of the United States into the war and the increased cost of materials and implements for public improvements, the latter will have to be delayed and become a part of the larger plan for public improvement and the building of works of public necessity and utility. If the Bank had cabled its inability or lack of facilities for marketing these bonds on receipt of the original request in due form, some arrangements might have been made; now it is too late.

I have been delayed in replying to your letter from the fact that I was told informally that the Liberian Government had received a similar letter from you and that they would call on me for such comment as would enable a reply to be made to you. To date no formal request has been made and I therefore make reply to you direct.

Very truly yours,

H. F. WORLEY

File No. 882.51/764

Minister Curtis to the Secretary of State

No. 138

AMERICAN LEGATION,
Monrovia, October 2, 1917.

SIR: I have the honor to enclose herewith for the further information of the Department copy of an act entitled "An Act creating a Government Auditor, prescribing his duties and authority,"⁵ which was passed by the Legislature of Liberia at the recent call session thereof, conformable to the program of administrative reform suggested by Department, and also copy of Note 345/D., under date of September 21, 1917,⁶ from the Liberian Government whereby I am requested to implore the Government of the United States on behalf of the Liberian Government to use its good offices in procuring a suitable person for said post.

It will be observed in reading the provisions of said Act that Section 2 thereof empowers said Auditor, *inter alia*, to examine, audit and settle all accounts pertaining to the revenues and receipts from whatever source of the Liberian Government, the Customs Receiver-ship and Liberian Frontier Force; that Section 3 thereof creates a Board of Review to be composed of the President of Liberia, the Secretary of the Treasury and the Financial Adviser, and that Section 6 thereof makes the said Board of Review the court of last resort in the settlement of the accounts of the executive branches of the Government, where an appeal in writing is made to it by any such branch of the Government within six months.

⁵ Not printed.

It will further be observed that the Secretary of the Treasury, who by the said act is made a member of said Board of Review, is thus empowered to pass upon an appeal which might conceivably be based upon an exception taken by his Department (Sec. 6).

The advisability of amending the law so as to delete any feature that may give ground for criticism, by the most captious, concerning the absolute impartiality of the auditing, examination and final settlement of the claims and accounts of those having business relations with the Liberian Government, has been unofficially brought to the attention of the Liberian Government by me and the President unhesitatingly stated to me that the broached objections under discussion are well-founded.

It is therefore probable that suitable amendments to said law will be suggested by him to the regular session of the Legislature which convenes the first Monday in December 1917.

I have [etc.]

JAMES L. CURTIS

File No. 882.51/759

The British Ambassador to the Secretary of State

No. 406

BRITISH EMBASSY,
Washington, October 19, 1917.

SIR: I have received instructions from his Majesty's Government to invite your attention to certain questions which have arisen in regard to the administration of the sinking fund on the Liberian 5% Gold Loan of 1913.

The total amount of this loan issued, I am informed, was \$1,558,000.00, of which \$158,000.00 was represented by privately issued bonds. As you are aware, the Loan Agreement of March 7, 1912, between the Republic of Liberia and certain New York bankers, provides for the purchase of the bonds for the sinking fund and lays down (Article 5) that the amounts received by the fiscal agents of the loan, applicable to the sinking fund shall be applied, so far as may be reasonably practicable, to the purchase of bonds in the open market.

The interpretation of this provision of the agreement by the fiscal agents (the National City Bank of New York) has been such as to cause the holders of the publicly issued bonds to feel that their interests have not been properly considered. The British bondholders have represented to his Majesty's Government that, in spite of the provision as to the purchase of bonds for the sinking fund in the open market, as a matter of fact not a single bond of the public issue has been redeemed, and the whole of the purchases, amounting so far to \$100,000.00, have been confined to the private issue, of which about 63% has thus been redeemed. I may add that, while there is not at my disposal any certain information as to the holders of the privately issued bonds, it was supposed that a large proportion of this issue was in the hands of German interests.

Of the public issue of \$1,400,000.00 the larger part was issued, and is now held, on the London market, and the holders cannot but feel that the methods which have so far resulted in the application of the sinking fund solely to the privately issued bonds are a serious prejudice to their interests, and are also contrary to the spirit of the loan

agreement. The loan was not issued and, I am informed, is not quoted in New York, and the purchase in New York of the privately issued bonds, the holders of which have had the opportunity of having the last say as to the price, does not seem to be a fair interpretation of the rule that the sinking fund is to be applied to the purchase of bonds in the open market.

In bringing these considerations to your notice, I have been instructed to enquire whether the United States authorities have any information as to the procedure of the National City Bank in this matter, and, if so, whether the course of action adopted by the Bank meets with their approval.

I have [etc.]

CECIL SPRING RICE

[Note: The above note was referred to the National City Bank of New York, fiscal agent of the Republic of Liberia, November 23, 1917.]

File No. 882.51/762

The Liberian Consul General to the Secretary of State

LIBERIAN CONSULATE GENERAL,
Baltimore, November 20, 1917.

SIR: I am calling your attention to conditions in Liberia. The trade between Liberia and Great Britain is practically suspended. Two vessels which would have brought some forty thousand dollars (\$40,000) revenue to the Republic, have been recently sunk by German submarines. There is no immediate prospect of any relief to Liberia in the matter of merchant vessels as it has been announced that the Shipping Department in Liverpool has neither ships nor goods for this trade. The resumption, therefore, of the trade promised to Liberia before the deportation of the Germans and upon which Liberia depended, has not been realized and the country is in a worse condition today than it was ever before. The following statement will serve to explain the embarrassing situation of the Republic. In the middle of September, according to instructions from the State Department, the balance in the Receiver's Department was five hundred dollars (\$500) with outstanding obligations which had to be met, of seven thousand five hundred dollars (\$7,500). It does seem that some practical relief should be considered for Liberia as one of the Allies.

I respectfully submit these facts for your serious consideration and trust that in the generosity of your heart you will be able to divorce yourself for a few minutes from your other important and arduous tasks to give to Liberia's condition some earnest consideration.

The reforms which your Department has suggested, have been practically adopted. All the measures have been passed into law by the Legislature except that which referred to the prohibition of the distillation and manufacturing of spirits in the Republic.⁶ And with regard to this, an excise duty, equal to the amount placed upon imported liquor, was imposed upon all spirits distilled and manufactured in the Republic and such manufacturing restricted to the civilized zones in the Republic. The reforms suggested and adopted are:

⁶ See Political Affairs, Reforms, etc., ante.

- a. The reduction of the salaries of the Legislature and the increase of those of the members of the Cabinet.
- b. The appointment of a foreign Auditor.
- c. The regulating of the importation and sale of firearms and ammunition in the Republic.
- d. Defining specifically the duties of the Financial Adviser, etc.
- e. The reduction of the Cabinet, etc., etc.

I have [etc.]

ERNEST LYON

File No. 882.51/763

The Secretary of State to the British Ambassador

No. 1927

DEPARTMENT OF STATE,
Washington, December 14, 1917.

EXCELLENCY: In your note of October 19, 1917 inviting, under instructions received by you from His Majesty's Government, attention to certain questions which have arisen in regard to the administration of the sinking fund on the Liberian Five Per Cent Gold Loan of 1913 (1912), you inquire whether the United States authorities had any information as to the procedure of the National City Bank of New York in this matter and, if so, whether the course of action adopted by the Bank meets with their approval.

As the Department of State was not found to be in possession of any information on the subject from the National City Bank of New York a copy of your communication was communicated to the Bank with a request that the Department be fully advised in the matter.

I have the honor to enclose herewith the reply of the National City Bank, from which it would seem to appear that the Council of Foreign Bondholders, on whose behalf the Bank assumed your note was written, and with whom the English holders of the bonds had pooled their interests, took no advantage of the opportunity to offer any bonds for purchase for the sinking fund, and that in the purchase of bonds the Bank endeavored to act in fairness to all the bondholders.

I have [etc.]

ROBERT LANSING

[Inclosure]

The National City Bank to the Secretary of State

NEW YORK, November 30, 1917.

SIR: We duly received your letter, dated November 23, 1917, relating to the administration of the sinking fund of the Republic of Liberia Five Per Cent Gold Loan of 1912 (not 1913, as stated in the letter of the British Ambassador, a copy of which you enclosed), and take pleasure in submitting to you herewith a statement of the course followed by us in the purchase of bonds for the sinking fund in August, 1916.

As you are aware, the Liberian bonds were issued for the purpose of readjusting the funded debt of the Republic of Liberia. The greater part of the bonds was issued directly to creditors in payment of their claims. In cases, however, where creditors insisted upon cash payment, the money was secured by the sale of bonds to a group of bankers in this city, with whom were associated Robert Fleming & Company, of London, England, Banque de Paris et des Pays Bas, of Paris, France, M. Warburg & Company, of Hamburg, Germany, and Hope & Company of Amsterdam, Holland. All of the bonds were issued in pursuance of a certain agreement for refunding loan, between the Republic and the said banks. The British Ambassador refers in his letter to "publicly issued bonds" and "privately issued bonds," but we do not understand that any such distinction exists.

The bonds were originally delivered substantially as follows: \$225,000 thereof in Germany; \$460,000 thereof in Amsterdam; \$715,000 thereof in London; and \$158,000 thereof in New York, making a total of \$1,558,000 of bonds issued and outstanding. Some of the bonds have been listed on the London Stock Exchange; but we understand that they are seldom if ever quoted thereon. The English holders have pooled their interests with a "Council of Foreign Bondholders," which figures in the correspondence hereinafter referred to. So far as we know, none of the bonds have been listed on any other exchange.

Upon receipt of funds from the Republic of Liberia, in June, 1916, sufficient for the purchase of approximately \$43,000 of bonds, we were confronted with the necessity of determining what would constitute an open market within the meaning of the refunding loan agreement. The only market in which the bonds were dealt with at all was the London Stock Exchange, but the bonds listed thereon constituted less than half of the total issue of bonds, and to have purchased the bonds in that market alone would obviously have been unfair to the holders of the bonds in other countries, while at the same time, such a procedure would have resulted in inflated prices which, as fiscal agents of the loan, it was our duty to the Republic of Liberia to avoid, if possible. Accordingly, on June 15, 1916, we wrote to Robert Fleming & Company, of London, England, as follows:

"As fiscal agent of the Republic of Liberia 5% Loan of 1952, we are desirous of purchasing for the sinking fund about \$43,500 of these bonds.

"Will you kindly advise us by letter so it may be received by us about August 1, at what price you can purchase any or all of the bonds mentioned for delivery in our hands about August 30, and if your tenders are accepted by us, we will cable you.

"Under the circumstances in taking into consideration the length of time involved, we presume you will not be able to give a very fine quotation. However, that will make no difference, as we will not at this time take account of small margins, so that the price you give us may be more or less an approximate one. Of course, if you can give us a definite price it will suit us much better. The price which you must make to us will be in dollars and cents, the bonds to be laid down in New York free of insurance and all other charges. In other words, your price is to be net to us in New York."

Similar letters were written on the same day to the Banque de Paris et des Pays Bas, of Paris, France, and Messrs. Hope & Company, of Amsterdam, Holland.

On July 13, 1916, Messrs. Fleming & Company replied as follows:

"Liberia Sinking Fund. On my return to this side I find your letter of 15th ulto. on this subject. You have since, we think, received a letter from the Council of Foreign Bondholders on the same subject.

"On reading the fiscal agreement we judge that you will reject the idea of sealed tenders and will purchase in the open market.

"To meet the views expressed by the bondholders here through the Council of Foreign Bondholders, we would suggest as the best method of adjusting the matter that you should cable us on or about 1st August with authority to buy the \$43,500, or any part of same, at a certain limited price. We would thereupon, through the broker most prominent in this loan, make it known that we wanted to buy the given amount of the bonds at the lowest price, and ask him to ascertain at what they could be purchased. If we could not purchase the bonds at or under the limit which you would then give, you would doubtless be able to obtain them in New York and so the matter would be ended."

That letter was received on July 24, and on July 25 we replied by cable:

"Cannot give price or order to buy we confirm letter June 15 cable tenders."

The letter of the Council of Foreign Bondholders, to which the letter of Fleming & Company refers, was as follows:

"The Council of Foreign Bondholders has heard with much satisfaction that the arrears of sinking fund on the Liberian 5% Gold Loan of 1913 are to be paid off and the amortization brought up to date, a proceeding which seems to be only in consonance with the high auspices under which the loan was issued.

"We are asked, however, by some of the holders of the bonds to invite your kind attention to the method in which the sinking fund was carried out on the occasion

when it was put into operation. We understand that under the loan contract the sinking fund is to be applied by purchases in the open market, but, as far as we are aware, the amount of the loan issued to the public has not been reduced. It appears to us, therefore, that the bonds purchased must have been taken from the portion of the loan not publicly issued.

"The bondholders here strongly urge that the funds available for the sinking fund should be applied as follows at the forthcoming and subsequent amortizations:

"(1) By sealed tenders to be opened on a date to be announced beforehand, or (2) by purchases in the open market where the bonds were issued and are now quoted.

"If any other plan is adopted it seems to us that all the holders do not have an equal chance.

"As we understand that offers to sell are to be submitted by the 1st of August, we should esteem it a favour if you would cable us whether you are prepared to fall in with the bondholders' views and, if so, which of the two methods above mentioned you will adopt."

To that letter we replied as follows:

"We duly received your letter of the 3d instant.

"While it is true that the fiscal agent of the Liberian loan is now in funds, with which to purchase the required number of bonds for the sinking fund, there seems to be no certainty that this condition will continue.

"In purchasing bonds heretofore we have tried to give equal opportunity to all bondholders to dispose of their bonds. It is our desire to purchase the bonds in the open market wherever that market may be, and we know of no better way to do this than publicly to invite all bondholders to make offerings, with the assurance that the bonds offered at the lowest price will be the ones purchased by us, irrespective of who may hold them.

"We should not think it feasible nor in accordance with the terms of the loan agreement to call for sealed tenders, in accordance with your alternative suggestion."

On July 29, we received the following cablegram from the Council of Foreign Bondholders:

"Referring our letter re Liberia 3d to which no reply yet received we have been requested by principal holders to protest against your proposal to proceed on lines of your letter of 15th June to Robert Fleming and Co. as being contrary to terms of loan agreement and under circumstances we suggest postponement redemption pending satisfactory arrangement. Cable reply."

to which we replied by cablegram, on August 2, as follows:

"Our letter twenty-first answers fully yours third will defer definite commitment purchase until August 7, can purchase bonds at 85 will buy at lowest price make offer."

The Council of Foreign Bondholders cabled us as follows, on August 4:

"Your letter twenty-first not yet received Friday holders cannot therefore be informed by Monday 7th, we consider most important therefore definite commitment advised in your cable received yesterday should be further deferred. Please cable reply."

and we replied thereto on August 5:

"Commitment deferred until fourteenth. Bonds offered at 84½. Cable if our letter has not been received on receipt of this."

On August 8, the following cablegram was received:

"Letter twenty-first July and marconigram received contrary to desire in third paragraph letter bondholders in England have not been publicly invited to offer their bonds. London certainly open market and we consider you should cable Fleming to publicly invite and accept lowest offers submitted in London by holders up to a given date all offers including American and other holders to be made in London Council Foreign Bondholders."

to which cablegram we replied on August 9:

"Unwilling to restrict market to London open market is everywhere Fleming requested to invite offers and will advise us any offer submitted. Do you care to offer bonds you control."

On the same day we instructed Robert Fleming & Company, the Banque de Paris et des Pays Bas, and Hope & Company, to advertise in the newspapers of their respective cities for offers of bonds to be submitted on August 16. On August 11, Fleming & Company cabled us as follows:

"We advertise as follows: Under Liberian heading the National City Bank of New York, fiscal agent for the loan cable us to receive offers till sixteenth August inclusive of the above bonds to absorb monies now in hand applicable to sinking fund and request us to cable on that day of any offers received, offers must be at a net flat price in dollars deliverable and payable in New York on thirtieth August nineteen sixteen."

Meanwhile, on July 25, we received a letter from the Banque de Paris et des Pays Bas, of which the following is a translation:

"We are in receipt of your letter of June 15, 1916, by which you ask us to inform you, for August 1, 1916, and as exactly as possible, the net price (all expenses included) at which we would be able to deliver into your hands at New York, all or part of this: \$43,500—capital nominal loan 5%, 1912, Republic of Liberia, which you propose to buy back, in view of the amortizement of the loan.

"We have noted that you will advise us by cable, in case the propositions we may submit should be accepted.

"In reply, we wish to inform you that we have, up to the present, no offer to transmit to you in view of this transaction; we shall hasten, of course, to let you know what propositions we shall be able to get ready at the desired time.

"We add that we have communicated your said letter to our agency at Geneva, asking it, so as to avoid delay, to address you its propositions direct, if occasion arises."

On July 28, we received the following letter from Hope & Company:

"We beg to acknowledge receipt of your letter of the 15th ult., informing us that you, as fiscal agents of the Republic of Liberia 5% loan of 1952, are desirous of buying \$43,500 of these bonds for the sinking fund.

"We are much obliged to you for having approached us in this connection, regretting that the very difficult means of communication with your side as well as the impossibility of having securities shipped thither are an impediment to act in this matter, so that we, under these circumstances, prefer not to act upon your suggestion as to making you an offer of the said bonds."

Neither the Banque de Paris et des Pays Bas, nor Hope & Company, ever submitted any bonds in pursuance of our request.

On July 11, Mr. Dunning, our representative in London, cabled us as follows:

"Cable eleven offered any part fifty thousand Liberia eighty-eight seven-eighths net New York."

to which we replied on July 12, as follows:

"Liberia offers must be made Aug. 1. See our cable 66."

On July 27, Fleming & Company cabled:

"Responsible broker offers fifty thousand dollars Liberia eighty-six half terms your letter fifteenth June."

As bonds had meanwhile been offered to us at 85 we cabled Fleming & Company on August 2:

"Will defer definite commitment purchase until August seventh can purchase Liberia bonds at eighty-five will buy at lowest price make offer."

A similar cablegram was on the same day sent to Mr. Dunning.

On August 3, Fleming & Company:

"Liberia cable received broker now reduces price to eighty-four and half New York flat terms your letter fifteenth June presume may expect final reply eighth August."

On August 4, Mr. Dunning cabled:

"Liberia bond holders here have pooled holdings and offered direct hence market bare."

On August 7, we cabled Fleming & Company:

"Commitment deferred until fourteenth can you do better than eighty-four and one-half?"

On August 16, we received the following cablegrams from Fleming & Company:

"Liberia received offers fifty thousand dollars eighty-three and half half five thousand ninety will cable later today if further received.

"Second cable. Liberia beyond fifty-five thousand dollars no further offers received."

On August 17, we cabled Robert Fleming & Company:

"Liberia bonds offered here eighty-three flat. Can you do better."

and, on August 18, we received the following answer:

"Liberia offer of fifty thousand reduced to eighty-two three-quarters flat."

On August 19, we received an offer from holders in this country to sell bonds at 82½, which we considered advisable to accept, and we accordingly cabled Robert Fleming & Company on that day as follows:

"Have purchased Liberian bonds required for sinking fund at eighty-two and one half."

From the foregoing, it appears that the Council of Foreign Bondholders, on behalf of whom we assume the British Ambassador is writing, took no advantage of the opportunity of offering any bonds for purchase for the sinking fund.

The offers seem to have been made through a broker acting for an undisclosed principal, and when it became apparent that no firm offer was forthcoming, we felt it incumbent upon us to put an end to what was becoming an undignified bickering by accepting the lowest price offered, which was six and three-eighths points lower than the original offer by the English broker, and by so much more to the advantage of the Republic of Liberia.

Respectfully yours,

ANDREW MILLER, Jr., *Assistant Cashier*

File No. 882.51/763

The Secretary of State to the French Ambassador

No. 2015

DEPARTMENT OF STATE,
Washington, December 14, 1917.

EXCELLENCY: On November 5 last, Mr. de Laboulaye of your Embassy called at the Department to say that you desired it made of record that the Government of the French Republic supported the position of the British Government as stated in the British Ambassador's note of October 19, in regard to the administration of the sinking fund on the Liberian Five Per Cent Gold Loan of 1912.

The position of the British Government as stated in the British Ambassador's note above mentioned was in effect that, in confining the purchase of bonds for the sinking fund to the private issue, the fiscal agents (The National City Bank of New York) had acted contrary to a provision of the loan agreement which, it was stated, required the bonds to be purchased in the open market as far as was practicable.

It being found that the Department of State was without any information as to the procedure of The National City Bank of New York in this matter, a copy of the British Ambassador's note was communicated to the Bank, with a request that the Department be fully advised in the matter.

I have the honor to enclose herewith, for your information, a copy of the Bank's reply,⁷ from which it would seem to appear that the Bank endeavored to act in fairness to all the bondholders.

Accept [etc.]

ROBERT LANSING

⁷ Printed as inclosure to Department's note No. 1927 to the British Ambassador of December 14, 1917.

MEXICO

POLITICAL AFFAIRS¹. PROTECTION OF THE BORDER AND NEUTRALITY VIOLATIONS. WITHDRAWAL OF AMERICAN TROOPS FROM MEXICO. ELECTION AND INAUGURATION OF PRESIDENT CARRANZA. ACTIVITIES OF BANDITS UNDER VILLA. COLLAPSE OF ACTIVITIES UNDER DE LA ROSA AND THE PLAN OF SAN DIEGO. APPOINTMENT AND RECEPTION OF AMBASSADORS FLETCHER AND BONILLAS. MEXICAN PRISONERS TAKEN BY THE AMERICAN PUNITIVE EXPEDITION CONNECTED WITH THE COLUMBUS RAID. RELEASE OF INTERNED MEXICAN SOLDIERS AND RETURN OF ARMS TO MEXICO. REPORT OF THE AMERICAN COMMISSIONERS OF THE AMERICAN-MEXICAN JOINT COMMISSION.

File No. 812.00/20190

Mr. Arredondo to the Secretary of State

MEXICAN EMBASSY,
Washington, December 27, 1916.

MY DEAR MR. LANSING: I enclose herewith copy of a memorandum I have just received from my Government, with regard to certain conditions prevailing along the American side of the line, and I would greatly appreciate it if your excellency would be so kind as to give this matter your valued consideration, as it surely appears to be a matter of vital importance that some remedial action might be taken to prevent the frequency with which I understand the neutrality laws are being violated by political agitators who live under the shelter of the laws of this country and now and then break the laws of neutrality whenever it seems to be propitious for them to do so.

With the assurances [etc.]

E. ARREDONDO

[Inclosure—Translation]

Mr. Arriola, Chief of the Mexican Secret Service in the United States, to the Department of Foreign Affairs

QUERÉTARO, December 16, 1916.

Taking into consideration that the present conferences have for a purpose to definitely establish a suitable policy between Mexico and the United States, to which both Governments will be subjected in their future relations, I consider it my duty to call your attention to the American vigilance service along the frontier, the deficiency of which has had so much to do in our international affairs, due more than anything else to the scarce personnel which the Department of Justice has at its disposal to watch all that which might be considered a violation of the neutrality laws of that country to the detriment of ours. It is not my intention to accuse or criticize the American Government, as I am a witness that on many occasions the American agents have been very well disposed to assist our Government and whenever I have asked them to do so, but unfortunately, they have been unable to prevent in many cases the large contrabands of arms and ammunition and a constant propaganda of the reactionaries, due to the fact that many of the agents of the Department of Justice do not speak the

¹Continued from For. Rel. 1916, p. 463

Spanish language and their personality does not make it easy for them to mix among the groups of reactionaries, and even though they would be able to go between them they do not speak the language sufficiently to understand the plottings that are being prepared against our Government, due to the fact that the number of agents which the American Government has in the frontier is very small, as there are places in California, Arizona and Texas where there is no agent at all. In other places, like Tucson, Arizona, there is only one agent and in places like El Paso, San Antonio, New Orleans and other large cities there are between three to five, but these agents in their majority are always busy with their own affairs, as I have personally observed it, and on other occasions when I have personally pointed out the necessity of increasing the vigilance in matters concerning our country they have shown me very good will but they have not the time. It is, therefore, that I consider it my duty to report this to your office in order that the matter be brought to the attention of the American Government through our representative in Washington, asking for a competent number of agents from the Department of Justice devoted exclusively, if possible, to investigating plottings against our Government, for the purpose of avoiding constant combination all along the border and with whom the Mexican Secret Service would be willing to cooperate in behalf of the welfare of the two Governments, and I am sure that if the American Government would take equal pains to those displayed by our Government all of these plottings would cease within a very short time.

Our political enemies are very careful in not using means which might fall within the action of the neutrality laws, confining themselves to the publication of alarming and exaggerated reports, which excite public opinion and cause immense harm to our country, and also by forming political groups described under bombastic names of leagues, clubs and fraternities, which might be avoided by the American Government and would also prevent the purchase of war material by the enemies of our Government which they openly are carrying on in many parts of the United States.

The system that has been established on the border, as well as in many points in the interior of the country, referring to the sale of arms and ammunition is the following: Every commercial house in this class of merchandise must supply a duplicate invoice of the sale to the agents of the Department of Justice, as has been shown to me by a few of them, but as many of the houses engaged in this trade are enemies of our Government, I have discovered that they only send to the agents whatever suits their convenience, making a great many clandestine sales to the followers of Villa without making any mention of them to the agents of the Department of Justice, these goods afterwards being smuggled into Mexican territory, evading in the majority of cases the vigilance of the American officials. To substantiate the above, I will mention a concrete case, to wit: During the last month of August the hardware store of a Mr. Henry Mohr, situated No. 309, in South Eagle Pass Street, was selling large quantities of ammunition to Villa and in one of the sales was reported to the Department of Justice. This ammunition was taken from the store of Mr. Mohr to his residence in small amounts, and as a witness of this maneuvering I can name Benito Rodriguez, a clerk of the above-mentioned store and a follower of ours who informed me quietly of the above. The person who carried this ammunition is Jose Loya, a brother of a Villista captain, who is now in Chihuahua. Also the ex-Villista Colonel Davila and Sabino and David Guadarrama are constantly purchasing ammunition without any notice of this having been given to the Department of Justice, and all this is due to the fact that the number of agents of the American Government is very limited, as I can assure you that vigilance in the United States is limited to the Department of Justice, no participation in this work being taken by the civilian authorities, who in many cases appear to be friendly to the reactionaries and as a proof of this I will cite the following cases: At Tucson, Arizona, there is a paper called *El Combate*, published by the well-known reactionary General Santiago Riveros and a Dr. Servin, who are also the leaders of revolutionary meetings in that place and who recently have been accused of securing 200 saddles in the house of Leonardo Gamez and 200 horses through the assistance of a man named Serrano, and at the same time it is known they are organizing at Zaporit and a mining camp in the State of Arizona named Washington, and notwithstanding their activities these men enjoy all kinds of consideration because they are propagandists among the Mexican element of the candidates for Governor and sheriff and have the support of the authorities. Similar occurrences happen in El Paso, Texas, whose Mayor, Mr. Tom Lee, was a defender of Huerta and is

a decided partisan of the old régime and is at the present time very much dissatisfied because the Alderetes, American citizens of much political influence in all that region, were not able to secure the concession for gambling in Ciudad Juarez, and we have, therefore, in Mayor Lee a terrible enemy. The very same thing happens in San Diego, California, where the official interpreter of the county sheriff is a decided Felicista and took active participation in the *coup d'état* of Huerta, and like the above named there are many others I could mention.

I hope therefore that the Department under your worthy charge may take some action so that the American Government may be requested to increase its vigilance on the border.

File No. 812.00/20190

The Secretary of State to Mr. De Negri

DEPARTMENT OF STATE,
Washington, January 8, 1917.

SIR: I am in receipt of the letter, dated December 27, 1916, signed by Mr. Eliseo Arredondo, transmitting a translation of a memorandum from the Mexican Foreign Office, relative to alleged activities along the Mexican border of Mexican political agitators residing in this country.

A copy of the letter under acknowledgment and a copy of its enclosure have been sent to the Attorney General, for such action as may be deemed appropriate by his Department.

I am [etc.]

ROBERT LANSING

File No. 812.00/20229

Consul General Hanna to the Secretary of State

[Telegram]

SAN ANTONIO, January 8, 1917.

It is my candid opinion that the withdrawal of the American troops from Chihuahua would produce satisfactory results and would place the responsibility for restoring order in Mexico on the *de facto* Government where it belongs. If *de facto* Government fails its weakness will soon be demonstrated and all the world will understand. Our troops should all be kept near the international border and in my opinion no more state troops should now be mustered out as they are needed here and probably there may be greater need a little later on.

HANNA

File No. 812.00/20236

Mr. De Negri to the Secretary of State

MEXICAN EMBASSY,
Washington, January 8, 1917.

MR. SECRETARY: I have the honor to communicate to your excellency, that I am in receipt of information from the Secretary of Foreign Affairs of Mexico, to the effect that the American forces of the Pershing expedition, described as punitive, have occupied our public offices, including that of the telegraph, at Palomas, State of Chihuahua.

This action is by all means unjustifiable, and in the name of my Government, and by instructions of the same, I have the honor to

lay before the Government of your excellency, a most energetic protest, soliciting the immediate withdrawal from said offices, which are the absolute property of Mexico.

In transmitting to your excellency the above information, I cordially ask in the name of the Government of the Republic of Mexico, that the action referred to, atenting [sic] against the sovereignty of my country, be not repeated, and that the Government of your excellency take the necessary measures to avoid the repetition of actions as this.

Not doubting that immediate attention will be given to the request of my Government, I take pleasure [etc.]

R. P. DE NEGRI

File No. 812.00/20236

The Secretary of State to Mr. De Negri

DEPARTMENT OF STATE,
Washington, January 9, 1917.

DEAR MR. DE NEGRI: I am in receipt of your communication of January 8, stating that the forces of the Pershing expedition have occupied certain offices at Palomas, State of Chihuahua.

In reply I have to inform you that I have sent a copy of your communication to the Secretary of War for such action as he may direct. Upon receipt of a reply from the Secretary of War you will be advised.

Very sincerely yours,

ROBERT LANSING

File No 812.00/20260

Vice Consul Blocker to the Secretary of State

[Telegram]

EAGLE PASS, January 12, 1917, 11 a. m.

A messenger arriving Eagle Pass yesterday from Torreon sent to border by Consul O'Hea gives following confidential report:

Villistas personally commanded by Villa, healthy and strong, entered Torreon December 24 after Government forces in demoralized condition evacuated city unknowingly leaving five hundred Yaqui Indians there who turned in favor Villistas joining their column. Sixty Chinese, five Arabs and approximately eighty Carranza sympathizers were murdered, the bodies left like carrion in street, and had not been buried on 8th when messenger left. All printing establishments were destroyed, several dwellings, stores looted, hundred thousand dollars loan levied, one hundred fifty cars merchandise loaded on trains and carried north which bandits abandoned near Jiminez on account lack of coal. Villistas left Torreon on December 29 marching northward after which Government forces under General Maycotte entered city. Villistas strength estimated after being joined by bands operating around Torreon at four thousand men. Stirring speeches were made by Villa at Casino in Torreon saying next move would be defeat of General Murguia then drive Pershing from Mexican soil. Torreon in worse condition than ever before. Messenger expresses doubt that Government commander has inflicted severe defeat on bandits as reported.

BLOCKER

File No. 812.00/20395

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, January 17, 1917.

The Secretary of War presents his compliments to the Honorable the Secretary of State, and has the honor to inclose, herewith, for his information, copy of a letter from the commanding general, Southern Department, Fort Sam Houston, Texas, dated January 10, 1917, quoting a report made by the Department intelligence officer, relative to the present status and activities in the plan of San Diego.

NEWTON D. BAKER

[Inclosure]

The Chief of Staff, Southern Department, to the Adjutant General of the Army

HEADQUARTERS, SOUTHERN DEPARTMENT,
Fort Sam Houston, Texas, January 10, 1917.

PLAN OF SAN DIEGO

The following report is made by the Department intelligence officer, having been obtained by his secret service branch:

An agent of ours spent from December 8 to 31 in Mexico investigating, among other things, the present status and activity under the plan of San Diego. He reports in substance as follows:

I learned nothing concerning this movement until December 11 in Monterrey where I found that de la Rosa is no longer confined in the general barracks where he remained for so long a time. I then went to Villaldama, and while there, on the 12th, I learned that Garza and Ramos had been there and had gone on to Lampazos on mining business. On the 14th I managed to join Basilio Ramos on the train and traveled with him to Monterrey. He told me that the revolutionary movement, in his opinion, is about to end as everyone is disappointed, and the men could no longer be held together because the leaders were without funds. At Monterrey I learned that Ramos was going to Saltillo and decided that I would have some business there too, and so left Monterrey on the 15th with Ramos. On the 16th Ramos stated that he had a commission from Garza to see the Governor of the State, Gustavo Espinosa Mireles, who had promised to help the revolution with funds. After his interview Ramos stated that he could get nothing at all from the Governor. We then returned on the 17th to Monterrey, where Ramos stated that, being unable to do anything else, he was going to Laredo to see his family.

On the 22d I returned to Monterrey from my other investigations around Victoria, upon which I have already reported, and on the following day, the 23d, I went to see Joaquin Sado, former secretary to de la Rosa, and he told me that General Ricaut had de la Rosa in the barracks near the station because there had been some trouble between the general and de la Rosa, and that the latter had made the offer to the First Chief to drop the revolutionary plan entirely and turn everything over to the Carrancistas if they would release him from confinement. So far as I have been able to learn, no attention has been paid by Carranza to this offer.

On the 28th I learned that Fierros had been in Mexico City for some time; that he had written that he would return shortly with funds with which to start active operations again. I also learned, however, that none of the followers believed this. On the 29th I talked to some of Garza's officers, and some of the other leaders in the movement, and they were all much disappointed.

My conclusion is that, for some months at least, nothing need be feared from this movement as it is dying from lack of funds. My opinion is that those who found it to their interest to keep the matter going some months ago, now find

that conditions have changed, and they knowing that their positions in office are not assured, are not handing out funds for movements like this, but are retaining them for their future personal use.

On the 30th, in Matamoras, I spoke to several of Pizano's men and they told me that the revolution had completely fallen through; that for a long time they had been held together merely by promises, and as in course of time they became certain that there would be no more funds the majority of them had gone their several ways and resumed their former occupations.

I feel absolutely certain that this movement, for the time being, has ceased to exist, and that it cannot be revived unless funds be furnished, and there seems to be no intention on the part of anyone to furnish such funds.

MALVERN HILL BARNUM,
Colonel, General Staff

File No. 812.00/20453

The Adjutant General to General Funston

[Telegram]

WAR DEPARTMENT,
Washington, January 30, 1917.

5767. It has been learned here that General Pershing has some Mexican prisoners alleged to have been connected with the Columbus raid. The Secretary of War directs that General Pershing be informed that the disposition of these prisoners has been taken up with the State Department and pending final decision they will be kept in the custody of military authorities. If necessary they will be kept on the Mexican side of the border. Report by telegraph the number of prisoners of above-mentioned class under command of General Pershing.

McCain

File No. 812.00/20461

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, January 30, 1917.

MY DEAR MR. SECRETARY: I have the honor to enclose herewith copy of telegram No. 4420, from General Funston, reporting the movement of General Pershing's command to the border.

Very sincerely yours,

NEWTON D. BAKER

[Inclosure—Telegram]

General Funston to the Adjutant General of the Army

FORT SAM HOUSTON, January 30, 1917.

Your No. 5733 received. Necessary orders were sent to General Pershing last night. He reports at 3.15 a. m. January 28 that withdrawal will be conducted by brigades in four separate columns. This on account of scarcity of water. The last column will be a provisional cavalry brigade which will leave Dublin on January 31. All detachments will reach Palomas, Chihuahua, February 4 and marches into Columbus, N. M. on February 5.

FUNSTON

File No. 812.00/20493

General Funston to the Adjutant General

[Telegram]

FORT SAM HOUSTON, *January 31, 1917.*

4447. Reference your number 5767, General Pershing makes following report:

Twenty-one Mexican prisoners have been sent to Columbus, New Mexico and are held in stockade there. They can be securely held there for any length of time pending decision by the State Department. Total number these prisoners 21, all of whom are alleged to have been connected with Columbus, New Mexico, raid.

FUNSTON

File No. 812.00/20473

*The Secretary of War to the Secretary of State*WAR DEPARTMENT,
Washington, February 2, 1917.

The Secretary of War presents his compliments to the Honorable the Secretary of State and has the honor to inclose herewith, for his information, copy of telegram received from the commanding general, Southern Department, Fort Sam Houston, Texas, dated February 2, 1917, quoting a telegram from General Pershing with reference to the movement out of Mexico.

NEWTON D. BAKER

[Inclosure—Telegram]

*General Funston to the Adjutant General of the Army*FORT SAM HOUSTON, *February 2, 1917.*

Following received from General Pershing from Ojo Federico dated February 1:

"Reached Ojo today with last cavalry brigade. Camp tomorrow night Espia. Two contingents refugees have reached Palomas. They are being sent Columbus tomorrow morning under guard to be examined by immigration officials. Entire movement progressing satisfactorily."

FUNSTON

File No. 812.00/20495½

General Funston to the Adjutant General of the Army

[Telegram]

FORT SAM HOUSTON, *February 6, 1917.*

4509. Following received from General Pershing from Columbus dated February 5:

Expeditionary forces returning from Mexico crossed the line to-day, last troops leaving Mexico at 3 p. m. Transportation pertaining to expedition was sufficient to bring out all Government property. Am leaving to-morrow noon for El Paso. General Swift will supervise movement of remaining troops ordered to new stations.

As soon as General Swift has completed duty referred to he will proceed to El Paso to command cavalry division.

FUNSTON

File No. 812.00/20503

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, February 8, 1917.

MY DEAR MR. SECRETARY: Referring further to your letter of January 9, 1917² enclosing copy of a communication from Mr. Ramon P. De Negri, in charge of the interests of the *de facto* Government of Mexico, in Washington, protesting against the alleged occupation by the American forces now in Mexico, of public offices, including that of the telegraph at Palomas, State of Chihuahua, I beg leave to advise you that the commanding general, punitive expedition, United States Army, Dublan, Mexico, reported on January 20, 1917, as follows:

Those buildings at Palomas that are occupied by our troops are the property of the Palomas Land and Cattle Company, who gave authority for their occupancy by us. Our troops are not occupying all the buildings there but they are all claimed by the Palomas Land and Cattle Company.

These buildings are the most ordinary cheap grade of adobe shacks, used by the owners of the ranch as shelter for their employees. It is understood that the Mexican Government at one time occupied one of the buildings as a telegraph office and, at various times, have quartered small detachments of troops in some of the other buildings, but it is my understanding and my firm belief that the Mexican Government has no title to any of them.

Sincerely yours,

NEWTON D. BAKER

File No. 812.00/20503

The Secretary of State to Mr. De Negri

DEPARTMENT OF STATE,
Washington, February 12, 1917.

SIR: In further reply to your letter of January 8, 1917, stating that the forces of the Pershing expedition were occupying certain offices at Palomas, State of Chihuahua, Mexico, I beg to inform you that I am in receipt of a letter, dated February 8, 1917, from the Secretary of War, from which it appears that the American troops at Palomas occupied only buildings belonging to American citizens, and that the said American owners gave authority for the occupancy of the buildings.

I am [etc.]

ROBERT LANSING

File No. 812.00/20586

Consul Edwards to the Secretary of State

[Telegram]

EL PASO, February 28, 1917, 8 p. m.

General Murguia officially states Villa is eliminated and only police work remains to be done. That Villa's physical condition has forced his retirement is quite beyond doubt. Through trains to and from

² Not printed.

Mexico City are now inaugurated by the National Line. Food shipments to the south from this point are daily increasing and the outgoing number of Mexicans has become an exodus. That there is to be a state of tranquillity is general opinion with them.

EDWARDS

File No. 812.00/20619

Vice Consul Blocker to the Secretary of State

[Telegram]

EAGLE PASS, *March 8, 1917.*

British Vice Consul O'Hea reports following late this evening:

It is evident Government troops are trying to capture and surround Villa, the several thousand Government troops moving in a westerly direction from Torreon in accordance with troops from south. Among these troops are numbers being sent by General Murguia from north. It is probable under pressure of pursuit Villa has already moved in a westerly direction toward the Sierras, where of course it is difficult to catch him. The overwhelming forces certainly will be able to eliminate, if not annihilate, rebel forces, and he probably has got away with not more than a few hundred men and all news states he has broken his forces up into guerrilla bands.

Other information brought to border to-day states five troop trains passed through Saltillo 6th and also 2,000 men under General Dieguez have left railroad south of Torreon cutting across country hoping to intercept Villa before he gets into Sierras. Pursuit of Villa seems well organized and complete dissolution of his bands probable. Authorities express hopes announcing his capture if Dieguez can only reach border of Sierras ahead of him.

BLOCKER

File No. 812.00/20636

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, March 12, 1917, 3 p. m.

20. Carranza elected President yesterday.

FLETCHER

File No. 123F63/149

Ambassador Fletcher to the Secretary of State

No. 14

AMERICAN EMBASSY,
Mexico City, March 13, 1917.

SIR: I have the honor to report that I presented my letters of credence to Mr. Carranza, First Chief of the Constitutionalist Army, charged with the executive power of the Union, at Guadalajara, Jalisco, on the 3d instant.

On the evening of the 28th of February, I received a message by telephone from General Aguilar, the Minister for Foreign Affairs, informing me that he and Mr. Arredondo were about to leave for Guadalajara to confer with the First Chief and stating that he was commissioned by the latter to invite me to accompany him. I accepted and we left within the hour. We arrived without incident

at Guadalajara the following evening at 8 o'clock and were met at the station by General Manuel M. Dieguez, Governor of the State of Jalisco; General Benjamin Hill, commanding the garrison of Mexico City; Manuel Amaya, Chief of the Protocol of the Foreign Office; and others.

At noon of the 3d, I was escorted to the palace by a troop of cavalry, accompanied by the Chief of the Protocol, Mr. Amaya, and General Davilla, Governor of Guanajuato. On account of my hurried departure none of the official staff of the Embassy accompanied me on my visit to Guadalajara.

The usual ceremony was observed. The Star Spangled Banner was played and arms presented by the guard on my arrival at the palace. At the head of the stairs I was met by General Amado Aguirre and conducted to the reception room, where Mr. Carranza and certain members of his cabinet awaited me standing. I advanced and read the following speech:

Mr. First Chief of the Constitutionalist Army, charged with the executive power of the Nation.

The President has committed to my charge the interests of the United States near the *de facto* Government of Mexico. I have accepted this honor with genuine pleasure. In the conduct of my mission I shall endeavor faithfully to interpret the sincere and earnest desire of the Government and people of the United States to cultivate the closest and most friendly relations with the Government and people of Mexico.

The courteous reception and many kind attentions I have received since my arrival on Mexican soil speak eloquently of the friendly spirit which animates the officials of Your Excellency's Government, and I enter upon my duties with the most delightful impressions of Mexico and the most pleasant anticipations.

The President has charged me to convey to Your Excellency his friendly greetings and best wishes to your personal happiness and the success of the Government of which you have the honor to be the head.

I beg to present, Sir, my formal letter of credence as Ambassador of the United States, to which Mr. Carranza read the following reply:

Mr. Ambassador: I experience a pleasant feeling of satisfaction in receiving from your hands the formal credentials by which the President of the United States of America accredits you as Ambassador Extraordinary and Plenipotentiary of that great Nation before the Government of the United Mexican States which I have the honor to represent.

I am glad to have heard from your lips that you accept with real pleasure such a well deserved honor and that in the discharge of your delicate functions you will endeavor faithfully to interpret the sincere and ardent desire of the Government and people of the United States of America to cultivate the closest and most friendly relations with the Government and people of my country.

You may rest assured, Mr. Ambassador, that Mexico will reciprocate this friendly feeling, and that her Government will afford you all facilities to the end that you may carry out your program of improving the relations for the good of the interests of both nations.

The courtesies which you have received since you arrived on Mexican soil, and for which you express your gratitude, are no more than the demonstrations of our good will to initiate, upon a basis of the greatest cordiality, the new policy of mutual respect and consideration which must exist between two peoples whose propinquity and community of interests demand of them a perfect and reciprocal understanding for their best development. These marks of courtesy, moreover, have been a well deserved homage to your personality, of which we were already well informed.

I beg of you, Mr. Ambassador, to transmit to the President of the United States of America my most cordial greetings, in response to those which he sends through you to me, and my best wishes for his personal happiness, and, as well, that you will accept the expression of my desire that your stay in my country may be pleasant.

I then sat down and conversed a few moments with the First Chief, after which General Aguilar presented me to Mr. Bonillas, Minister of Communications, recently appointed Ambassador to Washington; Mr. Roque Estrada, Acting Minister of Justice; and General Hill; and General Dieguez. I then retired and the ceremony was concluded.

I had expected to return immediately to the Capital but a small band of so-called bandits burned a wooden railway bridge near La Piedad station and I was forced to remain in Guadalajara until it could be repaired.

On the 5th of March, the First Chief invited me to accompany him on the presidential train to Lake Chapala, some thirty-five miles east of Guadalajara. Here a *fiesta* was given in his honor, a number of the prominent families of the city accompanying him. On the journey I had a long talk with Mr. Carranza on the whole subject of United States-Mexican relations. General Aguilar was present at the interview. The particular subjects discussed will form the subjects of separate despatches. The interview was most cordial, and both Mr. Carranza and General Aguilar promised to do everything possible to facilitate the work of my mission and to bring about a sympathetic and friendly understanding between the two Governments.

I remained at Lake Chapala until the 8th, when General Aguilar telegraphed that the line was again open and invited me in Mr. Carranza's name to accompany him as far as Irapuato on my return journey to Mexico City. This invitation I accepted gladly and had another opportunity to converse with Mr. Carranza easily and informally. The First Chief traveled in state, in the presidential train, accompanied by his staff and guests. An escort of one thousand troops accompanied us, also a repair train. There were in all six special trains. Long stops were made at the various stations where large holiday crowds turned out to welcome the First Chief and the usual speeches were made. It was exceedingly interesting and picturesque.

In company with the Minister for Foreign Affairs I left the First Chief at 11 o'clock at a small station along the line and proceeded in another special train to Mexico City where I arrived at six in the evening on the 9th.

Details of the ceremonies will be found amongst the newspaper clippings forwarded in this pouch.

I have [etc.]

HENRY P. FLETCHER

File No. 812.00/20696

Ambassador Fletcher to the Secretary of State

No. 16

AMERICAN EMBASSY,
Mexico City, March 13, 1917.

SIR: I have the honor to report that elections for President of the Republic, and for Deputies and Senators of the National Congress, were held Sunday, March 11. The preliminary arrangements for these elections, as well as the procedure on election day, were in accordance with the electoral law, decreed by General Carranza under authority granted him in the recently adopted Constitution.

The following general summary of the procedure already followed, and yet to be followed, in the complete inauguration of the new Constitutionalist Government is given you in advance of the translation of the electoral law which I expect to forward to the Department in the near future.

The vote is based on the census of 1910 (one Deputy for each 60,000 inhabitants) and on the territorial division of 1912. The registration of voters was that made last October for the election of Deputies to the Constitutional Congress, revised and brought up to date by a board of three registrars for each municipality, and publicly posted February 20. Four days were then allowed for additions, changes and protests, and the final corrected lists were posted March 4.

Separate ballots for President, Deputy and Senator were printed by each municipality and distributed to the voters before the evening of the day preceding the election, the hour of delivery being recorded, and the voter's receipt being taken, if he knew how to write.

In each district the superintendent of election, his alternate and the three registrars met at 8 a. m., and if nine voters had not presented themselves at that hour, the police were called upon to produce sufficient voters to make up that number, and they elected a board of five to act as judges of election. The polls were formally opened at 9 a. m. and closed at 3 p. m. If the voter could write he prepared his own ballot by writing in the name of the candidate voted for and signing the ballot with his own name. If he could not write, this was to be done for him at the polling place (according to the law) the voter being accompanied by a witness and announcing the names of the candidates for whom he wished to vote.

The stationing of troops near the polling place was forbidden, and soldiers were required to vote individually and unarmed. The influencing of voters by judges, as well as by any one near the polling place, was prohibited. Each political party, as well as each candidate, was allowed one representative at the polling place with the right to protest for causes specified in the law.

The electoral law prescribes in minute detail the manner in which the vote shall be counted, and provides many safeguards against fraud. This official count will be made in each electoral district March 15, and sent to the Secretary of the Congress of Deputies, except that the returns for Senators will be sent to the State election board for final count which will be forwarded to the Secretary of the Senate.

Senators and Deputies-elect will meet in this city April 2 and appoint credentials committees—that of the House consisting of fifteen members divided into groups of three each, and that of the Senate consisting of six members divided into two groups of three each. Each chamber will appoint an additional committee of three members each to report on the credentials of the members of the other committees. These committees will make their reports April 8, and the members declared elected will take the oath of office April 14 and organize preparatory to the opening of the extra sessions of Congress April 15 at 5 p. m.

The first duty of the Congress is to act as an electoral college and appoint a committee of thirty-one members to make the official count of the vote for President of the Republic. This committee will make

its report April 26 to the Congress, which will declare the successful candidate for President of the Republic for the period December 1, 1916, to November 30, 1920, and notify him to appear before Congress at 5 p. m. May 1 to take the oath of office.

The preelection campaign brought many candidates into the field, especially for the position of Deputy, and considerable interest was aroused throughout the Republic, although it probably was due more to the work of individual candidates than to organized party effort.

My personal observations in this city and the reports of the press indicate that the election was held without incident of any special importance.

Although the claim made by the press of this city that a million and a half votes were cast for President of the Republic probably is an exaggeration, still the number is likely to exceed greatly the total of any other election held in the country since its independence.

It is generally considered by the well posted friends of the First Chief that he will be in control of both Houses of Congress, at least at the beginning of his administration, and I am told confidentially that special care has been taken to elect to the Senate high officers of the Constitutionalist army, and others closely identified with the President-elect.

I have [etc.]

HENRY P. FLETCHER

File No. 812.00/20656

The Secretary of State to Mr. De Negri

DEPARTMENT OF STATE,
Washington, March 23, 1917.

SIR: Referring to previous correspondence in regard to reports received by you to the effect that bands of outlaws were being organized on United States territory, along the Mexican border, for the purpose of invading Mexico, you are informed that the Department of State is advised by the War Department that the United States military authorities are making every effort to break up raiding parties along the Mexican border.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

File No. 812.00/20747

Vice Consul Robertson to the Secretary of State

AMERICAN CONSULATE,
Monterey, Mexico, March 27, 1917.

SIR: I have the honor to report that, upon information which I consider reliable, Luis de la Rosa, the leader of several of the border raids into the lower Rio Grande valley of Texas during the year 1915, will be tried before a court-martial next week. The Department will be kept advised regarding this.

I have [etc.]

RANDOLPH ROBERTSON

File No. 812.00/20820

The Mexican Ambassador to the Secretary of State

MEXICAN EMBASSY,
Washington, April 20, 1917.

EXCELLENCY: I have the honor to communicate to your excellency, that the consular agent of the Mexican Government at Presidio, Texas, has sent to this office a list of the arms, ammunition and accoutrements that were taken from a force of Mexican soldiers, which had the necessity of crossing the frontier into the United States, by the garrison at Ruidosa, Texas, under the command of 1st. Lieutenant Hugh P. Avent, of the 6th Regiment, who issued the respective receipt.

As the articles above stated are the property of the Mexican Government, I beg your excellency, in the most friendly manner, to recommend the issuance of the necessary orders, so that those articles may be delivered to the consular agent of my Government at Presidio, Texas; and that permission be granted to him to forward said articles to Mexico.

Accept [etc.]

Y. BONILLAS

File No. 701.1211/189

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, April 21, 1917, 3 p. m.

The President, on April 17, accorded formal recognition to Señor Bonillas as Ambassador of the *de facto* Government of Mexico. In reply to the remarks by Señor Bonillas, President stated United States has none but the best interests of Mexico at heart; that he would welcome the day that brings him convincing evidence that a Constitutional Government has been established in Mexico, both willing and able to afford to American citizens and their property the same measure of protection and to apply to them the same impartial administration of justice that is afforded and is applied to nationals or the citizens or subjects of other foreign countries. The President added that the United States asks no more, and can, of course, accept no less.

LANSING

File No. 812.00/20821

The Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE,
Washington, April 25, 1917.

MY DEAR MR. AMBASSADOR: I am in receipt of your note of April 20, 1917,² with which you enclose a translation of a communication dated April 3, 1917, from the Mexican Foreign Office, in

²Not printed.

further relation to raids on Mexican territory by a band of outlaws which is said to be operating under the command of Pedro Gonzalez and reported to have been organized on United States territory.

In reply I desire to inform you that a copy of your note, and a copy of the enclosure thereto, have been sent to the Secretary of War, for his information in connection with previous correspondence sent to him on the subject.

In this connection, I beg to refer you to the Department's letter of March 23, 1917, addressed to Mr. Ramon P. De Negri, stating that the United States military authorities are making every effort to break up raiding parties along the Mexican border.

I am [etc.]

ROBERT LANSING

File No. 812.00/20849

The American Commissioners to the Secretary of State

WASHINGTON, April 26, 1917.

MY DEAR MR. SECRETARY: I beg to transmit herewith a copy of my report as Secretary of the American Section of the American and Mexican Joint Commission.

Permit me to add that the delay in transmitting this report has been due to the fact that Secretary Lane desired to have it carefully read by all the members of the American Section. The report has received the approval of Secretary Lane, Judge Gray and Dr. Mott.

I beg [etc.]

L. S. ROWE

[Inclosure]

Report on the proceedings of the Commission

SIR: I beg to submit herewith a report on the proceedings of the American and Mexican Joint Commission, including certain documents hereinafter enumerated.

The Commission first assembled at the Hotel Biltmore, New York City, on Monday, September 4, 1916, in response to an invitation of the Secretary of State. The luncheon tendered to the Commissioners by the Secretary of State was the occasion of a series of brief addresses in which the Secretary of State, the Honorable Robert Lansing; the Confidential Agent of the Constitutionalist Government, the Honorable Eliseo Arredondo; the Chairman of the American Commission, the Honorable Franklin K. Lane, and the Chairman of the Mexican Commission, the Honorable Luis Cabrera, outlined in general terms the international significance of the work of the Commission. (For text of these addresses see Appendix A.)²

On Tuesday, September 5, the Commission proceeded to New London, Connecticut, and on the morning of Wednesday, September 6, the first formal session was held at the Hotel Griswold. The mass of documentary evidence submitted to the Commission by the State Department clearly indicated the close relation existing between the border situation and the disturbed domestic conditions in Mexico, and as the discussions proceeded it became increasingly evident that no solution satisfactory to the American people could be reached unless the international aspects of some of Mexico's internal problems, such as the protection of life and property of foreigners resident in Mexico, were fully considered by the Commission.

The American Commissioners, realizing the difficulties of the position of their Mexican colleagues, approached the whole situation in a sincere spirit of helpful cooperation, assuring the Mexican Commissioners that it was the desire of the

²Not printed.

Government and people of the United States to be helpful to Mexico, and that through such helpfulness, the interests both of Mexico and the United States would best be subserved.

At an early stage in the deliberations, the Mexican delegates informed the American Commissioners that their instructions required them first to consider and reach an agreement on the withdrawal of American troops from Mexican soil and the safeguarding of the border before proceeding to the consideration of any other questions. Further discussion brought out the fact that the instructions which they had received required them not only to reach an agreement on the withdrawal of troops before proceeding to the consideration of any other questions, but that the withdrawal must be an accomplished fact before any of the larger questions involved in the relations between the United States and Mexico could be discussed. The American Commissioners endeavored to make clear to their Mexican colleagues that the position thus taken was out of harmony with the intent of the two Governments as expressed in the notes exchanged prior to the appointment of the Commission and with the credentials of the Mexican Commissioners, submitted at the first session of the Commission. (See Appendix B.) They immediately urged upon the Mexican Commissioners the importance of securing additional instructions of a more liberal nature and in closer harmony with the purposes for which the Commission was created.

The early deliberations of the Commission took a wide range, owing to the desire of the American Commissioners to have presented to them a complete picture of domestic conditions in Mexico. The American Commissioners proceeded on the assumption that the border incursions were merely a symptom of the abnormal conditions prevailing in Mexico, and that, therefore, in order to deal with the situation with any degree of thoroughness it was necessary to ascertain the basic causes of the trouble. The Mexican Commissioners continued to urge the immediate withdrawal of American troops on the ground that the presence of these troops aroused considerable feeling in the Mexican people, and that it was necessary, in order to allay this feeling, to maintain large bodies of Mexican troops in a position watchful of American military movements. The withdrawal would, in the view of the Mexican Commissioners, free a considerable body of troops for the much needed service of pursuing and capturing raiding bands.

The discussion of withdrawal naturally led to a consideration of the question of border patrol, and during this discussion the American Commissioners impressed upon the Mexican Commissioners that to the people of the United States the question of the protection afforded to the lives and property of Americans resident in Mexico was quite as important as the safeguarding of the border.

Much of the time during the first three weeks in September was devoted to an explanation by the Mexican Commissioners of the purposes of the Carranza Government. They explained in detail the gradual extension of civil government, the attempted reorganization of taxation, and the future plans of the *de facto* Government.

While these matters were under consideration, word was received that Villa had captured Chihuahua City. This proved to be the first of a series of incidents which disturbed the proceedings of the Commission. The ease with which Chihuahua was taken, the impotence of the Constitutionalist forces and the manifest incompetence of the military leaders in Chihuahua removed all assurance that the *de facto* Government would be able to fulfill any promises with reference to the safeguarding of the international boundary. The American Commissioners were, therefore, placed in the embarrassing position of treating with the representatives of a government whose ability to fulfill any obligations that might be inserted in an agreement with reference to the safeguarding of the international boundary, had been placed in serious doubt.

It became increasingly evident, as time proceeded, that the Mexican Commissioners were bound by secret instructions which would prevent the consideration of any questions until an agreement had been reached with reference to the withdrawal of troops and the safeguarding of the international boundary. In view of this fact, the American Commissioners decided that it would be important to submit a program of work which would clarify the situation and would secure from the *de facto* Government a clear statement of its position. With this end in view, the American Commissioners drafted a formal communication which was submitted to the Mexican delegates on September 22. This communication reads as follows:

SEPTEMBER 22, 1916.

To The Honorable Luis Cabrera, The Honorable Ygnacio Bonillas, The Honorable Alberto J. Pani,

GENTLEMEN: Would this be a satisfactory program for the Joint Commission: That while the military details of a plan of border control formulated by us are under consideration at Washington, we pass to the consideration of three questions:

1. Protection to life and property of foreigners in Mexico.
2. Establishment of a claims commission.
3. Religious tolerance.

It being understood between us that our effort shall be to reach a tentative understanding upon these questions which the American Commissioners regard as of certainly no less importance than that of border control, and it being further understood that the border control matter shall not be made dependent in any way upon our agreement upon these above-mentioned questions.

[We beg [etc.]]

FRANKLIN K. LANE
GEORGE GRAY
JOHN R. MOTT

The Mexican Commissioners immediately transmitted this communication to Mexico City, and during the two weeks that followed constant inquiries were made as to whether a reply had been received. Owing to the closing of the Hotel Griswold at New London, it was necessary for the Commission to transfer its sessions to Atlantic City. An adjournment was taken on September 27, the Commission reassembling at the Hotel Traymore, Atlantic City, on October 1.

On October 6, the Mexican Commissioners informed their American colleagues that a reply had been received from Mexico City, but the precise content thereof was not disclosed. They informed the American Commissioners, however, that a formal communication had been drafted based on the instructions received. This was dated October 6, and reads as follows:

ATLANTIC CITY, October 6, 1916.

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: In answer to your communication, under date of September 22 last, and referring to the matters discussed at the session of yesterday, the Mexican delegates beg to say that after having carefully consulted both the text and the spirit of their credentials, they have come to the conclusion that, in view of the tenor of their instructions, and convinced that they faithfully interpret the feeling of the Mexican people, believe that the following is the program to which the deliberations should conform:

PROGRAM OF WORK

First. Withdrawal of American forces from Mexican territory.

Second. Safeguarding and patrolling of the border.

Third. Agreement in regard to the pursuit of outlaws at the border.

If happily we should reach a solution satisfactory to both Governments in regard to the questions presented above, the Mexican Commissioners will then be ready to deal with such other questions as the American delegates may wish to submit, provided such questions are of an international character and contribute to establish the most frank cordiality in the relations between the two countries.

While the American Forces remain on Mexican territory the Mexican delegates consider it their duty not to take up any subject other than those immediately connected with the border situation.

It is understood that the conclusions that may be reached in the discussion concerning points one, two and three of the program shall not be made dependent in any way upon the results of the discussion concerning the other questions submitted.

[We avail [etc.]]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANI
JUAN B. ROJO,
Secretary

Reports received from official and unofficial sources during the early portion of October indicated that conditions were steadily growing worse, not only in northern Mexico but also in many sections of the central and southern portions of the Republic. Some of the despatches received by the American Commissioners were submitted to their Mexican colleagues, but to all the facts presented, the Mexican Commissioners made reply that no marked improvement of conditions could be expected until the complete withdrawal of American troops from Mexican soil. They constantly emphasized the fact that the presence of these troops was undermining the Carranza Government and that not until they were withdrawn could the United States Government expect the *de facto* Government of Mexico to secure complete control of the situation. On October 25 the Mexican Commissioners presented a proposal which was intended to secure the cooperation of American and Mexican forces in assuring the safety of the northern portion of Chihuahua. This proposal reads as follows:

COMISION UNIDA MEXICANA-AMERICANA,
Atlantic City, October 25th, 1916.

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: The undersigned, in accordance with opinions interchanged at our last session, and the two previous, have the honor to submit to your consideration the following suggestions:

First. Whereas, the expedition styled punitive, against the Columbus raiders has actually destroyed the band of outlaws, exterminating them all, or most of them, as may be seen from the corresponding official American despatches;

Second. Whereas, this was the sole object of the said expedition, according to explicit declaration of President Wilson, the American Senate's ratification, and instructions to General Funston;

Third. Whereas, the invasion and permanence of the American forces in Mexican territory has provoked and fostered the organization of new bands of outlaws and rebels, and their union, due to the exaltation of popular sentiment against foreign invasion, and is transforming the bandit who led the Columbus raid into the hero who is defending the national honor;

Fourth. Whereas, the American forces, without the consent of the Mexican Government, could not continue the pursuit of the new bands of outlaws without occasioning greater injuries than those caused by the outlaws themselves;

Fifth. Whereas, consequently the American forces in Chihuahua State find themselves restricted to police the rural districts within the zone that they actually occupy, and to protect the corresponding extension of the border, and

Sixth. Whereas, finally the stay of the American forces in the State of Chihuahua, without the consent of the Mexican Government constitutes a flagrant violation of the sovereignty of a friendly nation, and an unjustified offense to its people.

We trust that the Honorable American Commissioners, animated with a spirit of justice, and resolved to build on a sound foundation real cordiality in future relations between the great Republic of the North, and Mexico and the other Nations of Latin America, will agree to recommend to their Government the withdrawal of the American forces from Mexican territory, in the manner to be agreed upon by the respective military commanders of both Nations, in order to fulfill the two following requirements:

A. That during the withdrawal of the American forces, through the cooperation of the forces of both Nations, the present conditions of safety may subsist in the zone occupied by the American forces in Chihuahua State, and along the corresponding extension of the border.

B. That the complete evacuation of the American forces will have been terminated on or before December 31, 1916.

Awaiting your kind reply and the suggestions which it may please you to make regarding the manner, date, and conditions of withdrawal of forces,

We beg [etc.]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANI

This plan was not acceptable to the American Commissioners for several reasons, mainly because of the conviction that no effective plan of cooperation between the armed forces of the two countries could be arranged.

Furthermore, the American Commissioners were anxious to secure from their Mexican colleagues an assurance that the larger and more important questions would receive consideration as soon as the question of withdrawal and border control had been disposed of.

It was at this time that the American Commissioners reached the conclusion that it would be well to place before their Mexican colleagues a complete, constructive program involving not only the adjustment of the immediate questions pending between the United States and Mexico, but the establishment of helpful cooperation between the two peoples in the solution of some of Mexico's most serious problems. This program was submitted to the Mexican Commissioners on October 27, and reads as follows:

HOTEL TRAYMORE,
Atlantic City, October 27, 1916.

To The Honorable Luis Cabrera, The Honorable Ygnacio Bonillas, The Honorable Alberto J. Pani,

GENTLEMEN: We beg to submit, for your consideration, the following outline of agreement, the adoption of which will, we sincerely believe, accomplish the purposes for which this Commission was created:

The Mexican Commissioners have constantly emphasized the importance of arriving at some definite and concrete results with reference to the withdrawal of American troops and the question of border control. The American Commissioners are sincerely desirous of meeting the wishes of their Mexican colleagues with reference to an early agreement on these two questions, as well as of arriving at satisfactory conclusions on other matters of common concern. They, therefore, propose that an immediate agreement be reached by this Commission with reference to withdrawal of troops and border control, and that pending the ratification of such agreement by the respective Governments, the Mexican Government give formal assurance that it will agree, in principle, to the other proposals contained in this memorandum, and which are to be considered an integral part of the agreement, it being understood, however, that no public announcement of any kind whatsoever shall be made either by this Commission or by any member thereof, or by either of the Governments, until the plan of withdrawal of troops and border control has been ratified by the two Governments, nor until the Mexican Government shall have given the above assurance, and which shall be announced along with the plan of withdrawal.

I

THE PROPOSAL WITH REFERENCE TO WITHDRAWAL OF TROOPS AND GUARDING THE BORDER

1. *Withdrawal of Troops.* The United States agrees to withdraw the American troops from Mexican soil in accordance with the following plan:

(a) Within thirty days after the ratification of this agreement the American forces shall be withdrawn northward as far as Colonia Dublan, provided that within said thirty days no raid within seventy-five miles of the present position at El Valle has taken place.

(b) At the end of a further period of sixty days, or earlier if the Government of the United States deems it advisable, the American troops shall be completely withdrawn from Mexican soil either by marching to Columbus, New Mexico, or via the Mexico Northwestern Railway to El Paso, Texas, or by both methods, as the Government of the United States may elect.

2. *Guarding the Border.* Each of the Governments parties to this agreement shall guard its side of the boundary line without any zone of pursuit, thereby making each Government responsible for lawless acts committed along the border by persons coming from its own territory into the territory of the other.

II

THE ADDITIONAL PROPOSALS SUBMITTED HEREWITH TO THE MEXICAN COMMISSIONERS, AND FORMING PART OF THIS AGREEMENT, ARE AS FOLLOWS:

1. *Enforcement of neutrality laws.* The United States will use every means at its disposal to prevent within its jurisdiction, conspiracies against the *de facto* Government, or against established order in Mexico.

2. *Protection of life and property of foreigners.* The Government of Mexico solemnly agrees to afford full and adequate protection to the lives and property of citizens of the United States and other foreigners, and this protection shall be

adequate to enable such citizens of the United States or other foreigners to resume the operation of mines or other industries in which they may be interested. The United States reserves the right to reenter Mexico and to afford such protection by its own military forces, in the event of the Mexican Government failing to do so. In case Americans are killed in the United States by marauders, the United States reserves the right to pursue such marauders until they are captured.

The United States Government agrees to use every means at its disposal to assure adequate protection to Mexican citizens resident on American territory.

3. *Recognition of property rights.* That all property rights heretofore acquired by citizens of the United States or other foreigners, in accordance with the established constitutional laws of the Mexican Republic, shall be regarded valid. Should any question arise with reference to the validity of such property rights, the Mexican Government agrees that the determination of such rights shall be had through due process of law and adjudication by the regularly constituted tribunals of the country.

4. *Claims Commission.* The Mexican Government agrees in principle to the establishment of a Mixed Claims Commission, which shall give proper consideration to all claims of citizens of the United States and other foreigners arising out of injury to person or property subsequent to November 20, 1910. A subsequent protocol will determine the constitution of this Commission, the terms of submission, and the rules which shall govern the tribunal.

5. *Religious tolerance.* The Mexican Government agrees to give effect to the constitutional provision relating to freedom of conscience in a broad spirit of religious tolerance.

6. *Elimination of disease and relief of distress and of starvation.* The Mexican Government agrees to afford every facility to such agencies in the United States as may wish to combat disease and to relieve the distress and starvation now prevailing in many sections of the Republic.

We beg [etc.]

FRANKLIN K. LANE
GEORGE GRAY
JOHN R. MOTT

The portion of this program, reserving the right on the part of the United States to reenter Mexico in case the *de facto* Government failed adequately to protect the lives and property of foreigners, elicited an immediate response on the part of the Mexican Commissioners reading as follows:

OCTOBER 27, 1916.

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: Referring to your communication dated October 26, which was submitted to us at the session of this morning, and which we have read with most careful attention, we beg to say that we deem it our duty not to allow a moment to pass by without informing you of our complete dissent from the proposition that the Government of Mexico could agree that the United States should reserve the right to enter our country in order to give protection, by means of its own armed forces, to the life and property of its nationals.

We do not believe that any nation which considers itself sovereign could consent to a stipulation of this nature. So far as we are concerned, not only are we unable to admit such a proposition, but we consider it necessary to affirm in writing that we cannot even listen to such a proposal.

The purpose of our coming to the United States is precisely to secure the withdrawal of American troops which are on Mexican soil without the consent of our Government, and in violation of the sovereignty of our country. There has been nothing in our attitude, in discussing the affairs of Mexico, which could give rise to the impression in the Honorable, the American Commissioners, that we were disposed to receive a proposal that implied the abandonment of the sovereignty of our country.

We are, furthermore, surprised to find that in your letter dated October 25, you place an agreement on the points contained in Chapter 2 of the memorandum as a condition to the withdrawal of the American forces. This condition we find in contradiction with the terms of your memorandum of September 22, in which you indicate clearly that the withdrawal of troops would not depend on the discussion of the other questions.

All the other portions of your letter will be given our most careful consideration, and will be made the subject of a reply at the next session. The present

letter is, therefore, to be considered simply as the expression of our complete dissent from the points above mentioned.

We beg [etc.]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANI

The days immediately succeeding the presentation of the proposal of October 27 were devoted to an attempt on the part of the American Commissioners to ascertain whether it would be possible to reach an agreement with reference to withdrawal of troops and border control, which would at the same time be consistent with the safety of the southern border of the United States. During these days the Mexican Commissioners constantly referred to the fact that they were convinced that as soon as they were in a position to tell Mr. Carranza that definite and concrete results had been obtained with reference to withdrawal of troops and border control, he would authorize them to proceed to the consideration of the other questions which the American Commissioners deemed of such vital importance.

On November 2, adjournment was taken until November 10. Immediately after reconvening, the Commission addressed itself to the consideration of several tentative plans relating to the safeguarding of the international boundary. On November 17 the Mexican Commissioners submitted a proposal covering three points:

1. The withdrawal of troops.
2. The safeguarding of the border.
3. The pursuit of marauders.

This proposal reads as follows:

ATLANTIC CITY, November 17, 1916.

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: The present status of our discussions makes it necessary in our opinion to define in writing the provisions of the proposed agreements which the Mexican Commissioners would be disposed to accept.

Withdrawal of troops. Regarding the withdrawal of troops, the Mexican Commissioners would deem acceptable the memorandum drawn up by Messrs. Mott and Pani, in the manner in which it was approved by all the Commissioners at the session of November 13:

Article I. The Government of the United States agrees to begin the withdrawal of American troops from Mexican soil as soon as practicable, such withdrawal to be completed not later than ——— (forty (40) days after the ratification of this agreement by both Governments).

Article II. General Pershing shall determine the manner in which the withdrawal shall be effected, so as to comport with the dignity of the United States as a friendly power, and so as to ensure the safety of the territory affected by the withdrawal.

Article III. It is understood that the territory evacuated by the American forces will be occupied and adequately protected by the Constitutionalist forces. The Mexican commander shall determine the plan for the occupation and protection of the territory evacuated by the American forces.

Article IV. The American and Mexican commanders shall deal separately, or wherever practicable in cooperation, with any obstacle which may arise tending to delay the withdrawal. In case there are any further activities of the forces inimical to the *de facto* government, which threaten the safety of the international border along the northern section of Chihuahua, the withdrawal of American forces shall not be delayed beyond the period strictly necessary to overcome such activities.

Article V. The withdrawal of American troops shall be effected by marching to Columbus, or by using the Mexican Northwestern Railroad to El Paso, or by both routes, as may be deemed most convenient or expedient by the American commander.

Safeguarding the border. With respect to the safeguarding of the border, the Mexican Commissioners would be disposed to accept, in substance, the suggestion made by Commissioner Lane, in his memorandum of October 10, in the final revision given thereto by Commissioner Gray, Articles I, IV, V, VI, VII and VIII:

Article I. For the protection of the border during the period when abnormal conditions exist, there shall be cooperation on the part of the military commanders of both countries, to whatever extent may be practicable.

Article IV. There shall be a full and mutual interchange of information between the military commanders on both sides to the end that such lawless incursions may be anticipated and defended against.

Article V. There shall be a mutual use of railroads on both sides of the border for the carriage of troops or supplies used in the defence of the border or in the pursuit of marauders.

Article VI. Mutual scouting shall be permitted within a distance of ten miles of the border, provided such privilege be given in writing by the respective commanders, but such scouting under no circumstances is to occur within ten miles of any fixed military camp, or within ten miles of any town having more than one hundred inhabitants.

Article VII. The United States will continue to employ such means, consistent with its laws, as will tend to prevent on the American side of the border, the organization of filibustering expeditions or any other hostile conspiracies against the Mexican Government.

Article VIII. This agreement shall remain in full force for a period of four months. If neither of the Governments parties to this agreement shall give notice to the other, ten days previous to its expiration, of its intention to terminate the same, it shall further remain in force until thirty days after either of the Governments shall have given notice to the other of such intention.

Pursuit of marauders. Regarding the pursuit of marauders, the Mexican Commissioners would accept the reciprocal border crossing, provided that it be adequately regulated in order that, without detracting from the efficiency of the pursuit, it may be compatible with the sovereignty of both countries.

In this regard, we would accept, in substance, the suggestions proposed by the Department of State under date of April 4:

Article I. It is agreed that the regular government forces of the two republics may reciprocally cross the part of the boundary line comprised between the Colorado River and Piedras Negras, and within a zone of sixty kilometers in either country counted from the said line, with the object of pursuing bands of armed men that may have entered from one country to the other, committed outrages in foreign territory and escaped across the boundary line.

Article II. The reciprocal crossing agreed to in Article I shall only take place in comparatively uninhabited or unprotected parts of the territory on either side of the boundary line, and in no case at a distance less than ten kilometers from any cantonment or city in the territory in which the pursuit is being conducted, unless the cantonment or city be situated in a mountainous district wherein communication is difficult.

Article III. The commander of the forces crossing the frontier under the terms of this agreement will, at the time of crossing the frontier, or before if possible, give notice of his proposed movement and of the number of troops in his command, to the nearest commanding officer of the civilian authorities of the country whose territory he is about to enter.

Article IV. The Government of the country in which the pursuit takes place will cooperate by every means with the pursuing force to the end that the lawless bands be speedily captured or exterminated.

Article V. The pursuing force will retire to its own territory as soon as it shall have overtaken and overcome within the zone the lawless bands being dealt with. In no case shall the pursuing force establish itself or remain on foreign territory for more than fifteen days, unless by special agreement between the two Governments.

Article VI. No pursuit shall be undertaken on the territory of the other country unless begun within three days after the flight of the lawless band across the boundary line.

Article VII. Under no pretext or consideration whatever shall the pursuing forces of either country occupy cities or cantonments situated in the country in which the pursuit is conducted, in accordance with the terms of this agreement. The Government of the pursuing forces shall defray the cost of subsistence of the troops and all other expenses connected with their entry on foreign territory.

Article VIII. All abuses committed by the pursuing forces shall be punished by the government to which they belong, according to the gravity of the offense. The persons directly responsible for such abuses shall be withdrawn from the frontier and indemnities shall be promptly given to all those who may have suffered injury.

Article IX. Should the inhabitants of one country commit outrages on the foreign pursuing forces, the government of the country where the outrages were committed will be responsible to the government of the other country only in case of denial of justice and refusal to punish the guilty persons.

Article X. This agreement will go into effect upon the date of signature, and will remain in force until one of the parties shall give the other in advance two months' written notice of its intention to terminate the agreement.

In Testimony Whereof, we have signed this agreement, this _____ day of _____ nineteen sixteen, etc.

If the agreement regarding the reciprocal border crossing is not possible, the Mexican Commissioners believe that the agreements respecting the withdrawal of troops and cooperation to safeguard the border should remain unaffected; but if the American Commissioners believe that not even this last agreement can be maintained, then the Mexican Commissioners would accept the agreement for the withdrawal of troops upon the basis of leaving to each country the care of its own border, in conformity with the principles of international law.

With the assurance [etc.]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANT

In view of the fact that in spite of repeated attempts no definite assurance could be secured from the Mexican Commissioners that after an agreement had been reached with reference to the withdrawal of troops and border control, they would proceed to the other questions which the Government of the United States deemed of vital importance, the American Commissioners felt it important to hold a conference with the President as soon as possible in order to lay the situation before him. Pending this conference, it was deemed best to withdraw, for the time being, the definite proposals that had been under discussion. On Saturday evening, November 18, Secretary Lane held a conference with the President, the Secretary of State and the Secretary of War, in Washington. On Monday, November 20, the American Commissioners met for the purpose of redrafting a plan for the withdrawal of troops and border control. At the session of Tuesday, November 21, Secretary Lane informed the Mexican Commissioners that he had held a prolonged conference with the President, and had presented to him a history of the negotiations of the Commission. In addition he presented to the President a mass of information, some of which was favorable to the *de facto* Government, but much of which indicated not only distressing conditions in Mexico, but the inability of the *de facto* Government to control the situation. Continuing, Secretary Lane said, in substance:

The desire of the President to see the *de facto* Government strengthened and placed in a position to restore order in Mexico has in no way diminished. In this respect the views of the members of the American Commission are entirely in harmony with those of the President, and it was probably for this reason that they were selected to fulfill this mission. With the President, we are anxious to see a Mexico strong, independent, sovereign, and completely fulfilling her domestic as well as her international obligations. The President's purpose and our purpose in coming into this conference was to draft with you a constructive program which would strengthen the Carranza Government, and would assist in the restoration of order and prosperity in Mexico. This was our hope and it is still our expectation.

I must inform you, in all solemnity, that the President's patience is at an end, and that he regards present conditions in Mexico as intolerable.

The plan of withdrawal of troops and border control which we are proposing to you this morning is but a step toward that larger constructive program which we confidently expect you to draw up in the same spirit of helpfulness and cooperation in which we approach these questions. Nothing short of this will satisfy either the Government or the people of the United States, and it is well for you to know this clearly and definitely at the present moment. We do not wish to do anything that will either hurt your pride or diminish your sovereignty. We have no designs on the integrity of your territory or your freedom of action in the determination of your national policy, but we are deeply and vitally interested in the fulfillment of your obligations to protect the lives and property of foreigners who have cast their lot with you, and in the satisfactory adjustment of every question which affects the cordial relations between the United States and your country. This can only be done through a policy

characterized by frankness, cordiality, mutual trust and cooperation. If, however, you have reached the conclusion that you do not desire the cooperation of the United States, if you feel that you want to cut yourselves off completely, it is well for us to know this as soon as possible, as it will vitally affect our policy with reference to Mexico.

Mr. Cabrera here made the statement that it was evident from Secretary Lane's presentation that Mexico would have to follow the road indicated by the United States. To this Secretary Lane replied:

There is no desire on the part of the United States to dictate to Mexico the policy that she should pursue. We have assured you time and again that we desire to respect your sovereignty and independence, but it is evident that many of the problems confronting you cannot be satisfactorily solved unless you have the friendship and the cooperation of the United States. It is up to you three gentlemen to determine whether Mexico is to have the benefit of such cooperation, or whether she desires to pursue a policy of isolation. This latter policy can lead to but one result, namely the downfall of the Carranza Government, with all the consequences that will involve.

At this session the American Commissioners submitted a draft of Protocol of Agreement *ad referendum*, providing for the withdrawal of American troops from Mexican territory and the protection of the American-Mexican international boundary. It was evident from the discussions that the plan submitted would be acceptable to the Mexican Commissioners, and early in the afternoon a tentative agreement was reached.

At this session the American Commissioners informed the Mexican Commissioners that the plan as outlined covered two points, namely the withdrawal of troops and the safeguarding of the border, but that with reference to the pursuit of marauders the Government of the United States had formulated a policy, concerning the terms of which the American Commissioners were authorized to inform the Mexican Commissioners, and which they might transmit to their Government. This statement took the following form, and was inserted in the minutes of November 21, 1916:

It is essential, as a matter of governmental policy, that the United States reserve the right to deal with any serious hostile incursion from Mexico into American territory as may be deemed advisable at the time, including the right to pursue marauders into Mexican territory when such pursuit is necessary to our own protection. Duly mindful of the obligations imposed upon us by international law, such pursuit will not be intended, and should not be considered an act hostile to the Constitutionalist Government of Mexico.

To this statement of policy the Mexican Commissioners immediately took exception, on the ground that the principles thus formulated were not in harmony with the plan of border control as contained in the proposed agreement. At this session the American Commissioners also submitted to their Mexican colleagues a letter requesting the definite assurance of the *de facto* Government that upon the ratification of the Protocol of Agreement with reference to the withdrawal of troops and border control, the Mexican Commissioners would be authorized to proceed forthwith to the consideration of the other vital questions. At the session of November 22 this letter, at the request of the Mexican Commissioners, was slightly amended, and in its final form reads as follows:

NOVEMBER 22, 1916.

To The Honorable Luis Cabrera, The Honorable Ygnacio Bonillas, The Honorable Alberto J. Pani,

GENTLEMEN: Having arrived at an agreement as to the withdrawal of troops and border control, we desire, in accordance with instructions from the President of the United States, to request an assurance from the Citizen First Chief of the Constitutionalist Army entrusted with the Executive Power of the Mexican Nation that when the above-mentioned agreement is approved by both governments, you are authorized to meet at once and take up with the American Commissioners those questions deemed by the American Government of vital importance; such as protection of life and property of foreigners in Mexico, the establishment of an international claims commission, and such other questions as may be submitted by the American or Mexican Commissioners affecting the continuance and strengthening of the friendly relations between the two countries,

with a view to arriving at definite conclusions, to be submitted to the two governments for their approval.

We understood from the examination of the notes exchanged between the Departments of State of the two countries that as soon as an agreement satisfactory to both countries with reference to withdrawal of troops and border control was reached, we should immediately pass to the consideration of the other questions deemed vital to the strengthening of cordial relations between the two countries. This view has not been accepted by all of the Mexican Commissioners. It is essential, therefore, for us to know whether the First Chief's interpretation of the authority of this Commission is such as to empower you to proceed, as soon as the agreement relating to the withdrawal of troops and border control is approved, to the consideration of the other questions which the American Commissioners deem of vital importance. It is, of course, understood, as we have repeatedly stated that the fulfilment of the terms of the agreement as to withdrawal of troops and border control shall not be made dependent in any way upon our agreement concerning the questions referred to in the body of this letter.

We beg [etc.]

FRANKLIN K. LANE
GEORGE GRAY
JOHN R. MOTT

Furthermore, at the session of November 22, the American Commissioners informed the Mexican Commissioners that they would submit the proposed Protocol of Agreement to their Government, for approval, when the assurance asked for in the above letter was given. At the session of Friday, November 24, the Protocol was signed by the American and Mexican Commissioners. (Copy of Protocol follows.)

Protocol of agreement ad referendum. Withdrawal of American troops from Mexican territory and protection of American-Mexican international boundary.

Memorandum of an Agreement signed this twenty-fourth day of November, one thousand nine hundred and sixteen, by Franklin K. Lane, George Gray, and John R. Mott, Special Commissioners of the President of the United States of America, and Luis Cabrera, Ygnacio Bonillas, and Alberto J. Pani, Special Commissioners of the Citizen First Chief of the Constitutionalist Army entrusted with the Executive Power of the Mexican Nation:

ARTICLE I

The Government of the United States agrees to begin the withdrawal of American troops from Mexican soil as soon as practicable, such withdrawal, subject to the further terms of this agreement, to be completed not later than ———; that is to say forty (40) days after the approval of this agreement by both Governments.

ARTICLE II

The American commander shall determine the manner in which the withdrawal shall be effected, so as to ensure the safety of the territory affected by the withdrawal.

ARTICLE III

The territory evacuated by the American troops shall be occupied and adequately protected by the Constitutionalist forces, and such evacuation shall take place when the Constitutionalist forces have taken position to the south of the American forces so as to make effective such occupation and protection. The Mexican commander shall determine the plan for the occupation and protection of the territory evacuated by the American forces.

ARTICLE IV

The American and Mexican commanders shall deal separately, or wherever practicable in friendly cooperation, with any obstacles which may arise tending to delay the withdrawal. In case there are any further activities of the forces inimical to the Constitutionalist Government which threaten the safety of the international border along the northern section of Chihuahua, the withdrawal of American forces shall not be delayed beyond the period strictly necessary to overcome such activities.

ARTICLE V

The withdrawal of American troops shall be effected by marching to Columbus, or by using the Mexican Northwestern Railroad to El Paso, or by both routes, as may be deemed most convenient or expedient by the American commander,

ARTICLE VI

Each of the Governments parties to this agreement shall guard its side of the international boundary. This, however, does not preclude such cooperation on the part of the military commanders of both countries, as may be practicable.

ARTICLE VII

This agreement shall take effect immediately upon approval by both Governments. Notification of approval shall be communicated by each Government to the other.

In testimony whereof, we have signed, sealed and interchanged reciprocally, this Protocol of Agreement, *ad referendum*, in the English and Spanish languages, at Atlantic City, New Jersey, this twenty-fourth day of November, in the Year of our Lord, one thousand nine hundred and sixteen.

FRANKLIN K. LANE	[SEAL]
GEO. GRAY	[SEAL]
JOHN R. MOTT	[SEAL]
LUIS CABRERA	[SEAL]
Y. BONILLAS	[SEAL]
A. J. PANI	[SEAL]

At the time of signing it was understood by the American and Mexican Commissioners that the Protocol would not be submitted to the Government of the United States for approval until the American Commissioners had received the assurance asked for in their letter of November. It was, furthermore, decided that if the Protocol were approved by Mr. Carranza, and the further assurance were given that the Mexican Commissioners were authorized to proceed to the consideration of the other questions deemed of vital importance, the Commission would reassemble on Friday, December 8, 1916, at 10 o'clock, at such place as might be designated by the Secretary of State of the United States, after consultation with Mr. Arredondo. There was a further understanding that if Mr. Carranza's reply was unfavorable, there would be no necessity for further sessions of the Commission.

On December 8 word was received from the Mexican Commissioners that Mr. Pani was returning from Querétaro with the reply of the First Chief, but no indication was given with reference to the nature of this reply. It was evident from information received from the Secretary of the Mexican Commissioners that Mr. Pani was returning from Querétaro with a number of modifications proposed by the First Chief. On December 12 word was received from the Mexican Commissioners, requesting a preliminary conference in Philadelphia, and it was decided to hold this conference on Monday, December 18.

The Commission assembled at 10:45 a. m. at the Bellevue-Stratford Hotel. Mr. Pani presented verbally and informally an account of his conference with the First Chief. At the afternoon session the Mexican Commissioners submitted a formal communication embodying the views of the *de facto* Government with reference to the proposed Protocol of Agreement. This communication reads as follows:

PHILADELPHIA, December 18, 1916.

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: Reducing to writing the subjects which were treated verbally during our session of today, we have the honor of informing you that the Citizen First Chief of the Constitutionalist Army has not ratified the Protocol of Agreement submitted to his consideration, for the reasons which we briefly give herewith:

The First Chief of the Constitutionalist Army considers that, as the presence of the American troops on our soil constitutes a violation of the sovereignty of Mexico, the acceptance of any agreement for the withdrawal of troops subject to

conditions which later might justify a postponement in the withdrawal of said troops, would be interpreted as a tacit agreement on the part of the Mexican Government with the present occupation.

The Mexican Government does not wish to place itself in such a position, that owing to unforeseen circumstances which might later occur, it should seem to sanction a *posteriori* the presence of American troops on Mexican soil.

From this point of view the Mexican Government would desire that the wording of the agreement should be sufficiently explicit, so as not to occasion future difficulties in its interpretation and execution. The Mexican Government was likewise unable to approve the agreement after having been notified of the declared purposes of the American Government, of reserving to itself the faculty of sending into Mexican territory future expeditions in pursuit of outlaws. Under such conditions, the Mexican Government either could not have signed the agreement, because it would have been tantamount to agreeing tacitly to the policy announced by the American Government, or, in case of signing such an agreement, it would have been compelled to protest against new intentions of violating our territory, and this would lead to an unstable and perilous situation for the preservation of peace between both countries, which is precisely what the Mexican Government has tried to avoid by proposing that these conferences be held.

The Citizen First Chief believes that, the mutual respect for the sovereignty of both countries being the only solid basis for the preservation of peace and good relations between Mexico and the United States, the solution of our difficulties must be sought in the cooperation for the protection and vigilance of the border, thus precluding and avoiding causes of friction, instead of following a line of policy pointed out by the American Government, of sending into Mexico future military expeditions, which would only jeopardize said good relations.

As regards the discussion of the other subjects which the American Commission desires to submit to the Mexican delegates, the First Chief confirms the attitude taken by the latter, that such matters should be discussed after the withdrawal of the American troops will have taken place, if happily some conclusion respecting the vigilance and protection of the border be reached.

In brief, the Constitutionalist Government believes that any agreement regarding the withdrawal of American troops from Mexican soil which may be reached, must be effected without implying consent, either express or tacit, with the present occupation, without sanctioning in the future the said occupation, and without authorizing or tolerating in the future a new expedition of American forces into Mexican territory.

The Mexican delegates consider that it is possible to find a new formula which may fulfill the conditions suggested by the First Chief, in view of the good disposition which they do not doubt exists on the part of the American Commissioners to reach an agreement compatible with the respect for the sovereignty of our country.

With the assurance [etc.]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANI

At the same time the Mexican Commissioners submitted, in concrete form, the proposed changes in the Protocol, as follows:

PROTOCOL OF AGREEMENT, AD REFERENDUM, SIGNED AT ATLANTIC CITY, N. J., NOVEMBER 24, 1916.

CHANGES PROPOSED AT SESSION HELD AT PHILADELPHIA, DECEMBER 18, 1916.

Article I. The Government of the United States agrees to begin the withdrawal of American troops from Mexican soil as soon as practicable, such withdrawal, subject to the further terms of this Agreement, to be completed not later than——; that is to say forty (40) days after the approval of this Agreement by both Governments.

Article I. The Government of the United States agrees to begin the withdrawal of American troops immediately after the ratification of this Agreement, and to effect the same in a continuous manner until the complete evacuation of said troops, either by land towards Columbus, or making use of the Mexican Northwestern Railway to El Paso, or through both routes as the American commander may deem more convenient and practicable.

Article II. The American commander shall determine the manner in which the withdrawal shall be effected, so as to ensure the safety of the territory affected by the withdrawal.

Article III. The territory evacuated by the American troops shall be occupied and adequately protected by the Constitutionalist forces, and such evacuation shall take place when the Constitutionalist forces have taken position to the south of the American forces so as to make effective such occupation and protection. The Mexican commander shall determine the plan for the occupation and protection of the territory evacuated by the American forces.

Article IV. The American and Mexican commanders shall deal separately, or wherever practicable in friendly co-operation with any obstacles which may arise tending to delay the withdrawal. In case there are any further activities of the forces inimical to the Constitutionalist Government, which threaten the safety of the international boundary along the northern section of Chihuahua, the withdrawal of American forces shall not be delayed beyond the period strictly necessary to overcome such activities.

No corresponding Article in Protocol of November 24th, 1916.

Article V. The withdrawal of American troops shall be effected by marching to Columbus, or by using the Mexican Northwestern Railroad to El Paso, or by both routes, as may be deemed most convenient or expedient by the American commander.

Article VI. Each of the Governments parties to this Agreement shall guard its side of the international boundary. This, however, does not preclude such cooperation on the part of the military

Article II. (Omitted in Proposed Protocol.)

Article II. (Of Proposed Protocol.) The territory evacuated by the American troops shall be occupied and protected by the Constitutionalist forces. The Mexican commander shall determine the plan for the occupation and protection of the territory evacuated by the American forces.

Article III. The American and Mexican commanders shall deal separately, or wherever practicable in friendly co-operation, with any obstacles which may arise tending to bar or interfere with the withdrawal.

Article IV. Both Governments bind themselves to cooperate in the protection and vigilance of the boundary line, by means of:

(a) Full and mutual interchange of information between the military commanders on both sides to the end that such lawless incursions may be anticipated and defended against.

(b) Mutual use of railroad on both sides of the border for the carriage of troops, or supplies, or war material, and

(c) Mutual scouting within a distance of ten miles of the border, providing that the corresponding permits, between the respective military commanders, be requested and granted in writing, and that said scouting expeditions shall never proceed further than ten miles from any military camp or village of more than one hundred inhabitants.

Article V. Omitted because included in Article I of Proposed Agreement.

Article V. (Of Proposed Protocol.) Until a satisfactory agreement is reached for the reciprocal crossing of both countries over the boundary, in pursuit of outlaws, each of the con-

commanders of both countries as may be practicable.

Article VII. This Agreement shall take effect immediately upon approval by both Governments. Notification of approval shall be communicated by each Government to the other.

tracting governments shall guard its own side of the boundary line.

Article VI. This Agreement shall remain in full force for a period of four months from the date of its ratification. If neither of the Governments parties to this Agreement shall give notice to the other, ten days previous to its expiration, of its intention to terminate the same, it shall further remain in force until thirty days after either of the Governments shall have given notice to the other of its intention to end it.

At the session of December 19, further modifications in the Protocol were submitted by the Mexican Commissioners in the following form:

PROTOCOL OF AGREEMENT, AD REFERENDUM, SIGNED AT ATLANTIC CITY, N. J., NOVEMBER 24, 1916.

CHANGES PROPOSED BY MEXICAN COMMISSIONERS TUESDAY, DECEMBER 19, 1916.

Article I. The Government of the United States agrees to begin the withdrawal of American troops from Mexican soil as soon as practicable, such withdrawal, subject to the further terms of this Agreement, to be completed not later than ———; that is to say forty (40) days after the approval of this Agreement by both Governments.

Article II. The American Commander shall determine the manner in which the withdrawal shall be effected, so as to ensure the safety of the territory affected by the withdrawal.

Article III. The territory evacuated by the American troops shall be occupied and adequately protected by the Constitutionalist forces, and such evacuation shall take place when the Constitutionalist forces have taken position to the south of the American forces so as to make effective such occupation and protection. The Mexican commander shall determine the plan for the occupation and protection of the territory evacuated by the American forces.

Article IV. The American and Mexican commanders shall deal separately, or wherever practicable in friendly co-operation with any obstacles which may arise tending to delay the withdrawal. In case there are any further activities of the forces inimical to the Constitutionalist Government, which threaten the safety of the international border along the northern section of Chihuahua, the withdrawal of American forces shall not be delayed beyond the period strictly necessary to overcome such activities.

Article V. The withdrawal of American troops shall be effected by marching to Columbus or by using the Mexican Northwestern Railroad to El Paso, or by both routes, as may be deemed

Article I. The Government of the United States agrees to begin the withdrawal of American troops from Mexican soil immediately after the ratification of this Agreement, and to continue the same until the complete evacuation of said troops.

Omitted in Proposed Protocol.

Article II. The territory evacuated by the American troops shall be occupied and protected by the Constitutionalist forces, in accordance with the plan determined by the Mexican commander.

Article III. The American and Mexican commanders shall deal separately, or wherever practicable in friendly co-operation, with any obstacles which may arise tending to bar or interfere with the withdrawal.

Article IV. The withdrawal of American troops shall be effected by marching to Columbus, or by using the Mexican Northwestern Railroad to El Paso, or by both routes, as may be deemed

most convenient or expedient by the American commander.

Article VI. Each of the Governments parties to this Agreement shall guard its side of the international boundary. This, however, does not preclude such cooperation on the part of the military commanders of both countries as may be practicable.

Article VII. This Agreement shall take effect immediately upon approval by both Governments. Notification of approval shall be communicated by each Government to the other.

At this session the American Commissioners presented their reply to the communication of the Mexican Delegates of December 18. This reply reads as follows:

BELLEVUE-STRATFORD HOTEL,
Philadelphia, December 19, 1916.

To The Honorable Luis Cabrera, The Honorable Ygnacio Bonillas, The Honorable Alberto J. Pani,

GENTLEMEN: After careful consideration of the proposals of the Mexican Commissioners as to changes in the Protocol, the American Commissioners are unanimously of the opinion that the proposed changes are impracticable and unwise. Each of the suggested changes was the subject of extended discussion by the entire Commission, and the members of the Commission could not come to an agreement upon them.

There is no reason, in the opinion of the American Commissioners, why this Protocol should not be approved by both Governments. After months of study and discussion, the Protocol was agreed to by all members of the commission. It was the result of their best united effort to compose the differences between the two countries. It was submitted to the First Chief with the request for an assurance from him that, if it were satisfactory to him, the Mexican Commissioners would be authorized to proceed to the discussion of other vital questions.

We have not insisted nor urged that the Mexican Government recognize our right to occupy Mexican territory, even under such novel and necessitous conditions as have existed; and it will not be contrary to the spirit of our discussion for the approval of your Government to be given to this instrument with such expression of Mexican authority and right as to you may be desirable. Such expression could be spread upon the minutes or could be added to the Protocol.

For Mexico to reject the Protocol as unsatisfactory ends the function of this Commission. For Mexico to refuse to give the assurance asked for must have the same effect. If an agreement is reached the United States will withdraw her troops in strict compliance therewith, but the agreement to do this must be taken as equivalent to the fulfilment of the promise. To refuse to recognize this makes an issue of the good faith of the United States.

We would view with keenest regret such an inevitable termination of the work of the Commission, upon which we all entered with high hopes. We earnestly trust that the situation will be so met as to permit us to advance to the constructive consideration of those questions the proper settlement of which will tend to strengthen the ties of friendship between Mexico and the United States.

We beg [etc.]

FRANKLIN K. LANE
GEORGE GRAY
JOHN R. MOTT

The reply thus submitted practically brought the session to a close. It was decided to adjourn, to meet at 11 o'clock on the morning of Tuesday, January 2, 1917, provided that on or before Tuesday, December 26, 1916, the Chairman of the American and Mexican sections of the Commission deemed it necessary to reconvene the Commission. At this session a statement was made to the Mexican Commissioners on behalf of the American Commissioners, and was inserted in the minutes, reading as follows:

most convenient or expedient by the American commander.

Article V. Until a satisfactory agreement is reached for the mutual protection of the border and the pursuit of outlaws, each of the contracting Governments shall protect its side of the boundary line. This, however, does not preclude such cooperation on the part of the military commanders of both countries as may be practicable.

Article VI. This Agreement shall take effect immediately upon approval by both Governments. Notification of approval shall be communicated by each Government to the other.

It shall be understood that if we meet for the discussion of other questions, the American Commissioners will not ask that any final agreement shall be reached as to any such questions while the American troops are in Mexico.

On Wednesday, December 27, 1916, Mr. Cabrera went to Washington, where he held a conference with Secretary Lane, and submitted the reply of the Mexican Commissioners to the communication of the American Commissioners of December 19. This reply reads as follows:

NEW YORK, December 27, 1916,

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: We are in receipt of instructions from the First Chief of the Constitutional Army in charge of the Executive Power of the Mexican Republic, which enable us to reply to your letter of the 19th instant, and confirm his former decision not to approve the Protocol, *ad referendum*, dated November 24, 1916. We deem it unnecessary in this letter to dwell upon the considerations which have led the Mexican Government to withhold its approval of the Protocol, inasmuch as they have been clearly set forth in our letter of the 18th instant, and remain unchanged at the present time. The Mexican Government is not willing to agree to the withdrawal of American troops under conditions which, because of subsequent and unexpected circumstances, might be interpreted as legalizing *a posteriori* the presence of American troops on Mexican soil.

Furthermore, the statement of the American Government reserving to itself the right to send further military expeditions into Mexico in pursuit of outlaws made it practically impossible for the Mexican Government to ratify the proposed Protocol.

In our capacity as members of the Joint Commission, we consider it our duty to exert every effort to the end that the United States and Mexico may find a satisfactory solution of their present difficulties, and we are still confident that it will be possible to reach an understanding, upon the basis of the proposals made to the American Commissioners at the session of Tuesday morning, December 19. We do not doubt that the American Commissioners will be actuated by the same spirit. In any event, we await their decision with regard to future labors of the Commission.

We fail to understand how, in spite of the express terms of the diplomatic correspondence, which led to these conferences, the American Commissioners consider that the functions of the Joint Commission come to an end because of the fact that the Protocol is unsatisfactory to the Mexican Government, or because we are not disposed to discuss the other matters, which the American Commissioners wish to consider as long as the American forces have not left our territory, and no agreement has been reached concerning the protection and safeguarding of the border.

The Mexican and American Joint Commission was created for the purpose of studying and proposing to their respective governments

"an immediate solution to the two points which constitute the real cause of the controversy between the two countries, to wit, * * * the retirement of the American forces * * * and the protection of the frontier" (Notes of the Mexican Government of July 4 and August 2, 1916),

and in case that

"happily a solution satisfactory to both Governments of the questions set forth * * * may be reached, the Commission may also consider such other matters the friendly arrangement of which would tend to improve the relations of the two countries; it being understood that such recommendations as the Commission may make shall not be binding upon the respective Governments until formally accepted by them." (Note of the State Department of the 28th of July, 1916.)

The Joint Commission after three months of labor was unable to reach any solution concerning the protection and safeguarding of the border, and the Mexican Delegation had to confine itself to accepting an agreement concerning the withdrawal of American troops on the only terms to which the American Delegation would agree. This does not mean that an agreement more satisfactory to both countries could not have been found but rather that the Protocol was accepted with the idea of bringing the discussions to a conclusion and of formulating a concrete proposal for submission to our Government, since, as the American Commissioners may recall, we were not, as they were, in a position previously to consult our Government regarding each of the terms of the Protocol. It was

clearly understood, furthermore, that the above-mentioned Protocol was to be submitted to the judgment of the Mexican Government, which Government reserved its freedom of action concerning the same. If, therefore, in conformity with the diplomatic correspondence which led to the appointment of the Commission, with the credentials of the Mexican Commissioners, with the tenor of the discussions of the Commission and with the wording of the Protocol itself; this agreement was to be submitted to the approval of the First Chief, we fail to understand how the mere fact that it has not been ratified by him should be construed as a reason for bringing the conference to an end. It would be incompatible with the above-mentioned facts, to assume that the Protocol must be ratified in the terms formulated by the Joint Commission. This would be equivalent to stating that the Mexican Government was deprived of its freedom of action; a conclusion contrary to diplomatic practice, even in negotiations between plenipotentiaries.

We also wish to call your attention to the fact, that, according to the diplomatic correspondence, the functions of the Joint Commission cannot extend to questions other than those relating to the international boundary until a solution satisfactory to both countries had been reached with reference to this matter. Our Government believes that, under present conditions, we should not discuss these other matters as long as American troops remain on Mexican soil. This does not mean a lack of confidence in the good faith of the United States, but is dictated by a proper regard for the dignity of our country. If, as was stated on several occasions during our recent sessions in Philadelphia, it is possible to effect the complete withdrawal of American forces in one week, the discussion of the other matters would not be deferred for any considerable period.

Awaiting your esteemed reply [etc.]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANI

On Tuesday, January 2, 1917, the American Commissioners assembled in the private office of Secretary Lane, Department of the Interior, Washington, D. C., to consider the reply of the Mexican Commissioners. It was decided to send a further communication to the Mexican Commissioners, the final form of which was agreed upon at a conference held on Wednesday, January 3, 1917. This reply reads as follows:

JANUARY 3, 1917.

To The Honorable Luis Cabrera, The Honorable Ygnacio Bonillas, The Honorable Alberto J. Pani,

GENTLEMEN: We are in receipt of your favor of December 27, announcing that for the second time the First Chief of the Mexican Government has declined to agree to the Protocol submitted to him by both the Mexican and American Commissioners.

In your esteemed favor there are matters concerning which we think it timely that we should speak, lest there be misunderstanding. It is said, for instance, that the Mexican Government is not willing to agree to the withdrawal of the American troops under conditions, which, because of subsequent and unexpected circumstances, might be interpreted as legalizing *a posteriori* the presence of American troops on Mexican soil.

It may suffice as expressive of our view to quote from our letter to you of December 19, in which this passage will be found:

"We have not insisted nor urged that the Mexican Government recognize our right to occupy Mexican territory, even under such novel and necessitous conditions as have existed; and it will not be contrary to the spirit of our discussion for the approval of your Government to be given to this instrument with such expression of Mexican authority and right as to you may be desirable. Such expression could be spread upon the minutes or could be added to the Protocol."

It will be recalled also that during our conferences this preamble to any proposed Protocol was tendered by us as expressive of our friendly attitude:

"Whereas, the so-called punitive expedition of the United States, under the command of General John Pershing, into the territory of Mexico, was undertaken for the sole purpose of pursuing and capturing, if possible, the bandit Francisco Villa and the band under his command, or of dispersing the same, and

"Whereas, the said expedition, from the necessity of the situation, was obliged to start with the utmost promptness, and acted under the tacit assumption of the

acquiescence of the Mexican Government, after understood to be informally expressed, and

"Whereas, there is no longer necessity for the presence of American troops on Mexican territory, and

"Whereas, the American Government has no desire to continue that presence against the protest of the Mexican Government, or even to appear to violate the sovereignty of Mexico:

It is therefore agreed" * * *

Again it is stated by you that

"The statement of the American Government reserving to itself the right to send further military expeditions into Mexico in pursuit of outlaws made it practically impossible for the Mexican Government to ratify the proposed Protocol."

We beg to call your attention to the fact that such statement was not included in the Protocol. It was made in the form of an announcement of the policy which this Government would be compelled to follow if, unhappily, raids such as the Columbus massacre were repeated. The language to which you refer was this:

"It is essential, as a matter of governmental policy, that the United States reserve the right to deal with any serious hostile incursion from Mexico into American territory as may be deemed advisable at the time, including the right to pursue marauders into Mexican territory when such pursuit is necessary to our own protection. Duly mindful of the obligations imposed upon us by international law, such pursuit will not be intended, and should not be considered an act hostile to the Constitutionalist Government of Mexico."

This was a frank declaration of what our Government considered its right of self-protection, and was worded so that any such action, if found later to be necessary, would be undertaken with due regard for the obligations imposed by international law, and should not be regarded as an act of hostility. So long as Mexico was not able to safeguard its side of the international boundary we do not wish to have a pursuit of our common enemy regarded as an act adverse to your interest, and we gave this notice as a word of caution against a wrong interpretation being placed upon our act either by your people or by our own.

With reference to your proposals of December 19, we would respectfully represent that such proposals called for an unconditional withdrawal of our troops from Mexico, one that should begin immediately and be continuous hereafter, without stating any definite time when the withdrawal should be effected. The provision in the signed Protocol was that the American troops should withdraw within forty days after ratification of the agreement by both Governments, and this was inserted at your request, and not at ours, it being your desire that a definite date should be fixed.

In the same proposals you omitted Article II, of the Protocol which reads:

"The American Commander shall determine the manner in which the withdrawal shall be effected, so as to ensure the safety of the territory affected by the withdrawal."

Why so reasonable a provision should be eliminated was not made apparent.

Under Article III of the Protocol agreed to it was provided that our troops abandoned the territory now occupied, such territory should be occupied and held by your troops. This you omit from your proposals, although it was clearly intended to give to the *de facto* Government the territory abandoned and insure against its occupation by bandits who might threaten our border and harass your own people.

In Article IV of the Protocol, it had been agreed that:

"In case there are any further activities of the forces inimical to the Constitutionalist Government which threaten the safety of the international border along the northern section of Chihuahua, the withdrawal of American forces shall not be delayed beyond the period strictly necessary to overcome such activities."

This provision which was also omitted in your proposals was manifestly a limitation upon our right to delay our withdrawal for any period longer than necessary to overcome those forces inimical to your Government.

You state that one reason why the Mexican Commissioners have not been disposed to discuss other matters than the withdrawal of troops and the protection of the border is that an agreement has not been reached concerning protection and safeguarding of the border.

Again you refer to this same point in the language: "The Joint Commission, after three months of labor, was unable to reach any solution concerning the protection and safeguarding of the border, etc."

After repeated efforts to frame a system of cooperative border control, the Commission concluded that the wisest system that could be devised would be one made by the army officers of both Governments stationed at the border. The Protocol signed at Atlantic City recognizes the possibility of such cooperation, and our promise was made that an effort in this direction would be seriously undertaken through the War Department.

While your letter and the proposals made suggest an unconditional withdrawal, it has certainly been our conception of the duty of this Commission that it was to find wise conditions upon which the withdrawal could be made; otherwise there would have been no purpose in the conference. The language of our respective letters of authority gives proof that it was contemplated by both Governments that there were matters of moment upon which agreement was necessary or advisable before withdrawal could reasonably be expected by you or effected by us. Indeed, we recall no proposal during the conference from you that did not contain conditions precedent to withdrawal.

In our communication of September 22 this question was presented:

"Would this be a satisfactory program for the Joint Commission:

"That while the military details of a plan of border control formulated by us are under consideration at Washington, we pass to the consideration of three questions:

- "1. Protection of life and property of foreigners in Mexico
- "2. Establishment of a claims commission
- "3. Religious tolerance

"It being understood between us that our effort shall be to reach a tentative understanding upon those questions which the American Commissioners regard as of certainly no less importance than that of border control, and it being further understood that the border control matter shall not be made dependent in any way upon our agreement upon these above-mentioned questions."

Under your interpretation of your authority, our conferences were limited to the question of withdrawal and border control, and we asked assurance that if the Protocol regarding withdrawal and border control was signed we could immediately pass to those other questions of vital importance to us. To allay all fear that the presence of American troops would be used to compel an agreement upon these matters that would not be entirely agreeable to you, the American Commissioners spread upon the minutes this statement:

"It shall be understood that if we meet for the discussion of other questions the American Commissioners will not ask that any final agreement shall be reached as to any such questions while the American troops are in Mexico."

We have read with much interest the portion of your communication relating to the diplomatic correspondence leading up to the appointment of this Commission and we desire to express our complete accord with the views you have expressed as to the reserved right of either Government to withhold its approval of an agreement signed *ad referendum*. But the exhaustive discussions of the last three months have convinced us that the attitude of the *de facto* Government as to this Protocol, as well as to the character of the amendments proposed by you at the sessions in Philadelphia, would make such further discussion fruitless and would only delay the solution of the questions now pending between the United States and Mexico.

We are sincerely reluctant to contemplate the closing of our conferences as a Commission. You may perhaps have been under embarrassment, as you suggest, because of your long distance from the seat of your Government. With this in mind we took frequent and sometimes extended adjournment, that full opportunity to consult your home officials might be given. It is not, however, in our mind that mutual effort in the direction of composing the differences between the two Governments should cease. We would suggest the advisability of all further negotiations being conducted under conditions which would make this embarrassment impossible. We trust that you share with us the hope that the prolonged, thorough and intimate conferences that we have had during the recent months may not be without fruit.

We beg [etc.]

FRANKLIN K. LANE
GEORGE GRAY
JOHN R. MOTT

The delivery of this communication was entrusted to Dr. Mott, and he was furthermore, requested to take up with the Mexican Commissioners the question of the desirability of holding any further sessions of the Commission. At the same time the American Commissioners decided to submit a preliminary report to the President. An appointment was made for a conference with the President at five o'clock on the afternoon of Wednesday, January 3, and at this conference a report was submitted to the President in the following terms:

JANUARY 3, 1917.

TO THE PRESIDENT: The Commissioners appointed by you on August 31 last to meet with the Commissioners appointed by the First Chief of the Constitutionalist Army, to consider and if possible arrive at a satisfactory solution of the controversies pending between the Government of the United States and the *de facto* Government of Mexico with reference to the withdrawal of American troops from Mexican soil, the protection of the international boundary, and such other questions as might be submitted by the respective Governments, beg to present a report regarding the situation which now confronts them.

Your Commissioners have addressed themselves preferentially to the two questions above mentioned, namely, the withdrawal of troops and the safeguarding of the border. From the beginning of our negotiations we have impressed upon the Mexican Commissioners the importance of disposing of these two questions at the earliest possible moment, in order that the Commission might proceed to the consideration of a constructive program which would be helpful to Mexico and at the same time would satisfactorily settle those matters which are of vital concern to the United States and profoundly affect the amicable relations between the two countries. Of these, the most important is the protection of life and property of Americans and other foreigners who have taken up residence in Mexico.

After prolonged negotiations, which consumed far more time than we had anticipated, the Commission reached an agreement on November 24, 1916, with reference to the withdrawal of troops and the safeguarding of the international boundary. This agreement was signed by all the members of the American and Mexican delegations, and it was our earnest hope and expectation that we would proceed forthwith to the consideration of the other questions, which we regard as quite as vital to Mexico as to the United States. In this hope and expectation we have been disappointed. At the session of the Commission held in Philadelphia on December 18 we were informed that the First Chief had refused to ratify the Protocol for reasons set forth in a letter of the Mexican Commissioners dated December 18, and which is appended hereto. [Printed *ante*]

At the session of December 19 the Mexican Commissioners submitted a series of amendments to the Protocol, which received the careful consideration of the American Commissioners, and were found to be unacceptable. Our conclusions were communicated to the Mexican Commissioners in a letter dated December 19, a copy of which is submitted herewith. [Printed *ante*]

We have now received from the Mexican Commissioners a written communication dated December 27, in which the refusal of the First Chief to ratify the Protocol is confirmed. [Printed *ante*]

The sessions of the Commission held since the signing of the Atlantic City Agreement, and the careful consideration given by your Commissioners to the amendments to the Protocol proposed by the Mexican Commissioners have forced us reluctantly to the decision that no agreement satisfactory to both parties with reference to the withdrawal of troops and border control can be reached by this Commission.

Because of the urgency of the other questions involved in our relations with Mexico, your Commissioners have reached the conclusion that the interests of both countries require that the question of the withdrawal of American troops be settled directly by the Government of the United States.

We remain firm in our conviction that the Protocol signed at Atlantic City on November 24, 1916, fully safeguards the interests of both countries. We, therefore, beg to suggest that it would be wise for the Government of the United States, voluntarily and of its own initiative, to put the provisions of the Protocol into effect, as far as practicable. This question once disposed of, it may be possible to pass on, through direct diplomatic negotiations with the executive head of the *de facto* Government, to the grave and serious questions to which we believe that Government cannot refuse attention.

The careful study of the mass of information submitted to us through official and other channels, has created in our minds the deepest misgivings with refer-

ence to the course of events in Mexico. We have eagerly searched for indications that the revolutionary government was fulfilling the avowed purposes of its platform, but this has revealed to us most disquieting economic, financial, sanitary and social conditions, which involve untold misery and suffering for the masses of the people. Furthermore, the proceedings of the Constitutional Convention now in session at Querétaro indicate a fixed and settled purpose to place in the organic law of the Republic provisions which tend to make the position of foreigners in Mexico intolerable, which open the door to confiscation of legally acquired property and which carry with them the germs of serious international friction.

It is this grave menace that creates in us the deepest anxiety and a desire no less insistent to have these matters taken up with the least possible delay.

We are deeply sensible, Mr. President, of the confidence which you have reposed in us, and sincerely trust that our prolonged conferences with the Mexican Commissioners may have served to clear the way for the carrying forward, through other and more direct channels, of the negotiations which have so closely occupied us in recent months.

We have the honor [etc.]

FRANKLIN K. LANE
GEORGE GRAY
JOHN R. MOTT

On Sunday, January 6, Commissioner Pani went to Washington to have a talk with Secretary Lane. He submitted to Secretary Lane a letter from the Mexican Commissioners which was intended as a reply to the communication of January 3. This reply reads as follows:

JANUARY 6, 1917.

To The Honorable Franklin K. Lane, The Honorable George Gray, The Honorable John R. Mott,

GENTLEMEN: We beg to acknowledge receipt of your letter of January 3, fully appreciative of the cordial spirit which animates the same.

We believe with you that our association of more than three months has laid the foundation for a closer understanding between the two countries. We are furthermore confident of the happy conclusion of further efforts, if, as we are certain will occur, the obstacles which the Joint Commission encountered up to the present time are removed.

We beg [etc.]

LUIS CABRERA
YGNACIO BONILLAS
ALBERTO J. PANI

At this conference, it was decided to hold a meeting in New York on Monday, January 15.

The Commission assembled on Monday afternoon, January 15, at the Hotel Biltmore. At this session a number of proposals were submitted both by the American and the Mexican Commissioners, the purpose of which was to issue a joint statement on the work and recommendations of the Commission. After prolonged discussion no agreement could be reached, and it was decided to adjourn *sine die* without issuing any formal statement.

On Tuesday, January 16, Secretary Lane submitted to the President, in the name of the American Commissioners, a supplementary report, reading as follows:

"JANUARY 16, 1917.

"DEAR MR. PRESIDENT: Your Commission, appointed to act with a like body created by the Government of Mexico to compose the differences between the two Governments, begs to advise that the joint body adjourned yesterday, January 15. At our meeting yesterday the American Commissioners proposed the following resolution:

"Whereas, this Commission was created by the Governments of Mexico and the United States to promote a better understanding between the two peoples, and thus bring about a relationship that would make for their mutual interest and the realization of their ideals as neighboring Republics, and

"Whereas, it is our hope that by the friendly and long-continued consideration of those conditions along our common border and within Mexico, which have given rise to the present difficulties, a door has been opened to such a fuller understanding of the purposes and plans of both Mexico and the United States,

"It is hereby resolved, that this Commission does now adjourn, recommending to both Governments the reestablishment of full diplomatic relations under which may be carried on directly the further negotiations necessary to secure these ends:

- "1. The protection of the life, property and other rights of foreigners in Mexico
- "2. The establishment of an International Claims Commission
- "3. The elimination of the causes that may lead to further misunderstanding, friction or clash between Americans and Mexicans."

This the Mexican Commissioners would not agree to, unless it was preceded by a recommendation on the part of the American Commissioners that the troops be withdrawn. To this, in accordance with your instructions, we refused to accede. Inasmuch as the Mexican Government had refused to agree to the Protocol signed by the members of the Joint Commission, we told them that the matter of withdrawal was now one which must be left entirely to the determination of yourself, as President.

The Commission having come to an end, we suggest that the United States is now free to follow any course in the matter of such withdrawal which may seem consistent with the protection of our own territory and the friendly relations which it wishes to promote between the two Republics. We would recommend that full diplomatic relations be reestablished between the two Governments for the further consideration of the matters set forth in the above resolutions.

Respectfully yours,

FRANKLIN K. LANE

APPENDIX B

The Citizen First Chief of the Constitutionalist Army in charge of the Executive Power of the Nation, in view of the merits which distinguish you, has deemed it proper to appoint you as Member of the Diplomatic Commission, made up of Mr. Luis Cabrera, Attorney-at-law, of yourself, and of Mr. Ygnacio Bonillas, Civil Engineer, under the Chairmanship of the first named, and which must proceed to Washington in order to treat with the Commission appointed for the purpose by the American Government regarding the questions which have arisen between Mexico and the United States, respecting the Columbus incident, as well as the other points which may be submitted to your consideration by the American Commission, and such as the Mexican Diplomatic Commission consider proper in order to establish the frankest cordiality in the relations between both countries, with the understanding that the decisions and rulings which may be taken by the Commissions of both countries may be previously submitted to the approval of the Citizen First Chief of the Constitutionalist Army and ratified by him, in keeping with special and specific instructions which have been given you in writing by order of the aforesaid Citizen First Chief.

All of which I make known to you for your guidance, trusting that you will fulfil your mission with the zeal and patriotism that distinguish you.

Constitution and Reforms

Given at Mexico City on the third day of August, nineteen hundred and sixteen.

The Secretary,
C. AGUILAR

TO ALBERTO J. PANI,
Civil Engineer, (Present)

File No. 812.00/20846

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, April 27, 1917, 11 a. m.

Election of Carranza declared official yesterday.

FLETCHER

File No. 812.00/20820

The Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE,
Washington, April 30, 1917.

MY DEAR MR. AMBASSADOR: I am in receipt of your note of April 20, 1917, with which you enclose a list² of certain arms and other articles which were recently surrendered by Mexican soldiers seeking refuge in the United States to American military authorities at Ruidosa, Texas. You request that the articles in question be turned over to the Mexican consular agent at Presidio, Texas, and that permission be granted for their return to Mexico.

In reply I beg to inform you that I have requested the Secretary of War to instruct the appropriate military authorities to turn over to the Mexican consular agent at Presidio the articles contained in the list transmitted with your note. I have also requested the Secretary of the Treasury to instruct the collector of customs at Presidio to permit the Mexican consular agent at that place to forward the articles mentioned across the border into Mexico.

I am [etc.]

ROBERT LANSING

File No. 812.001C23/30

President Carranza to President Wilson

[Translation]

NATIONAL PALACE,
Mexico, May 1, 1917.

GREAT AND GOOD FRIEND: I have the honor to inform Your Excellency that having been elected by the free vote of my fellow-citizens to the presidency of the republic, I have, on this day, taken possession of my high office with the legal formalities.

In fulfilling this agreeable duty, it is extremely satisfactory to me to express to Your Excellency the earnest desire and firm intention of my Government to cultivate and to extend the frank and cordial relations which happily link the United Mexican States with the United States of America over whose destinies Your Excellency presides.

Hoping that Your Excellency entertains the same sentiments with regard to Mexico, I take pleasure in availing of this occasion to express the sincere wishes which I feel for the aggrandizement of the United States of America and for the personal happiness of Your Excellency, at the same time; tendering you the assurances of my highest consideration and especial esteem with which I have the honor to sign myself, Your Excellency's

Loyal and Good Friend,

V. CARRANZA

²Not printed.

File No. 812.001C23

Ambassador Fletcher to the Secretary of State

No. 112

AMERICAN EMBASSY,
Mexico, May 2, 1917.

SIR: Supplementing my telegram No. 145, May 1, 7 p. m.,² I have the honor to report that in accordance with Transitory Article I of the recently adopted Constitution, President-elect Venustiano Carranza appeared before the Congress yesterday shortly after 5 p. m., and took the oath of office as President of the Republic of Mexico. The Diplomatic Corps was present by invitation and occupied two galleries, the representatives of the Allies in one and the representatives of the Central Powers and neutrals in another.

Mr. Carranza was greeted with applause as he entered the Chamber accompanied by his Cabinet of the pre-Constitutional period, and a number of chiefs of the revolution, among whom were several of the signers of the Plan of Guadalupe.

The ceremony was very simple and lasted not more than ten minutes. After a brief introduction by the presiding officer, the President-elect repeated the oath of office prescribed in the Constitution—that is to say, the oath was not administered to him—and immediately left the Chamber amidst renewed applause.

The presidential party went directly from the Chamber of Deputies to the National Palace, the automobiles carrying me and my staff, accompanied by Mr. Manuel Amayo, Chief of Protocol, being next in line. Shortly after reaching the Palace the several foreign missions constituting the Diplomatic Corps, were received individually, that of the United States being at the head of the line. In presenting my felicitations to President Carranza I had in mind the instructions contained in the Department's telegram number 145, April 28, 7 p. m. President Carranza replied with a simple acknowledgment of his thanks and appreciation.

The event passed off without unusual incident so far as I noticed. The police arrangements were superior to those provided for the formal opening of Congress on April 15 reported on in my despatch number 83 of April 18.² Dense crowds collected along the line of march from the Camara to the National Palace and in the large public square in front of the Palace, but they were good natured and were easily kept in order by a double file of soldiers.

For a more detailed account of the ceremonies attending the inauguration, I beg to refer to the press clippings which I am sending in this pouch.

I have [etc.]

HENRY P. FLETCHER

File No. 812.00/20879

*The Secretary of War to the Secretary of State*WAR DEPARTMENT,
Washington, June 1, 1917.

MY DEAR MR. SECRETARY: Referring further to your letter of April 30,² 1917, inclosing copy of a note dated April 20, 1917, from the Ambassador at this capital of the *de facto* Government of Mexico,

² Not printed.

transmitting a list of certain arms and other articles which were recently surrendered by Mexican soldiers seeking refuge in the United States to American military authorities at Ruidosa, Texas, in which note the Ambassador requests that the articles in question be turned over to the Mexican consular agent at Presidio, Texas, and that permission be granted for their return to Mexico, I have the honor to inform you that the arms and ammunition referred to were turned over to the Mexican consul at Presidio, Texas, on April 24, 1917, for return to Mexico.

Respectfully yours,

NEWTON D. BAKER

File No. 812.00/20978

The Mexican Ambassador to the Secretary of State

MEXICAN EMBASSY,
Washington, June 2, 1917.

EXCELLENCY: The town of Ojinaga, Chihuahua, fronting Presidio, Texas, on the other side of the Rio Grande, was attacked May 30 by Villista forces under Ornelas and other chiefs, and after twelve hours of struggle, the Constitutional Government forces, in view of the enemy's superior numbers had to withdraw and cross the river, gathering at the Mexican Consulate, under the responsibility of the Consular Agent at Presidio, Texas, Mr. Cosme Bengoechea, and with the authorization of the Town Mayor, Mr. Mitchell.

Yesterday afternoon the Villistas evacuated Ojinaga, upon the arrival there of General Figueroa, who is pursuing them, and to follow them up he needs the contingent refuged at Presidio. As Mayor Mitchell states that he cannot permit the return to Mexico of those men without authorization from the State Department, I beseech your excellency to issue the necessary orders so that the authorities of Presidio, Texas, may allow the soldiers who retreated thereto after the fight at Ojinaga, to return to Mexican soil.

With my most sincere thanks [etc.].

Y. BONILLAS

File No. 812.00/20980

The Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE,
Washington, June 6, 1917.

MY DEAR MR. AMBASSADOR: In further reply to your note of April 20,² 1917, in relation to raids on Mexican territory by a band of outlaws, said to have operated under the command of Pedro Gonzalez, and to have been organized on United States territory, I beg to inform you that I am in receipt of a letter, dated June 4, 1917, from the Secretary of War, enclosing a report from the Commanding General, Southern Department, Fort Sam Houston, Texas, submitting a list of names of persons who have been apprehended, tried

²Not printed.

and sentenced, in connection with the raids in question. The following names appear in the list:

Pedro Gonzalez,	\$10,000 fine or 12 months in prison
Alberto Hinojosa,	5,000 fine or 12 months in prison
Leopoldo Dorantes,	5,000 fine or 12 months in prison
Crisoforo Rendon,	300 fine or 3 months in prison
Elijio Lozano,	300 fine or 3 months in prison
Leopoldo M. Dominguez,	300 fine or 3 months in prison
Leopoldo Ramos,	300 fine or 3 months in prison
Matias Dagallado,	300 fine or 3 months in prison
Camilio Riojas,	300 fine or 3 months in prison
Luis Mollano,	300 fine or 3 months in prison
Francisco Garaza Jasso,	300 fine or 3 months in prison
Silvestre Perez,	300 fine or 3 months in prison
Encarnacion Montalvo,	300 fine or 3 months in prison
Juan Arriola,	300 fine or 3 months in prison

The report further states that twenty-five additional members of the band of outlaws have been indicted.

I am [etc.]

ROBERT LANSING

File No. 812.00/20978

The Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE,
Washington, June 6, 1917.

MY DEAR MR. AMBASSADOR: I am in receipt of your note of June 2, 1917, in regard to the return to Mexico of the *de facto* Government's garrison of Ojinaga, which recently took refuge in the United States, and which is now reported to be at Presidio, Texas.

In reply I am pleased to inform you that I have requested the Secretary of War to instruct the appropriate United States military authorities to permit the men composing the garrison of Ojinaga to return to Mexico.

I am [etc.]

ROBERT LANSING

File No. 812.00/21126

Assistant and Chief Clerk War Department to the Secretary of State

WAR DEPARTMENT,
Washington, July 16, 1917.

MY DEAR MR. SECRETARY: Referring further to your letter of June 2, 1917,² requesting that the military authorities be instructed to permit the Mexican *de facto* Government's garrison of seventy men from Ojinaga, which took refuge in the United States, and were reported to be at the Mexican Consulate at Presidio, to return to Mexico, I have the honor to inform you that the Commanding General, El Paso District, has reported that Colonel Robles and his men of the Ojinaga garrison were released and authorized to return to Ojinaga June 2, 1917.

Sincerely yours,

JOHN C. SCOFIELD

² Not printed.

File No. 812.001C23/1

The Secretary of State to Ambassador Fletcher

No 285

DEPARTMENT OF STATE,
Washington, August 31, 1917.

SIR: I transmit enclosed, with office copy, the President's acknowledgment of the letter whereby President Carranza announced his assumption of the office of President of the United Mexican States.

You will forward the office copy to the Minister for Foreign Affairs, and deliver the original letter in the manner most agreeable to President Carranza.

I am [etc.]

ROBERT LANSING

[Inclosure]

*President Wilson to President Carranza*THE WHITE HOUSE,
Washington, August 31, 1917.

GREAT AND GOOD FRIEND: I have received the letter of the 1st of May last, in which Your Excellency announced your assumption of the Presidency of the Republic and your entrance upon the duties of the office.

I cordially reciprocate the sentiments you express for the continuance of the friendly relations which have heretofore existed between the United States of America and the United Mexican States, and I assure your excellency of my best wishes for your personal welfare and for the prosperity of the Republic over which you have been called to preside.

Your Good Friend,

WOODROW WILSON

File No. 812.001C23/7

Ambassador Fletcher to the Secretary of State

No. 510

AMERICAN EMBASSY,
Mexico, September 26, 1917.

SIR: I have the honor to report that, in compliance with the Department's instruction number 285 of August 31, 1917, I have to-day placed in the hands of President Carranza, President Wilson's acknowledgment of the letter whereby President Carranza announced his assumption of the office of President of the United Mexican States.

I have [etc.]

HENRY P. FLETCHER

File No. 812.00/21460

Collector Cobb to the Secretary of State

[Telegram]

EL PASO, November 14, 1917, 11 a. m.

For Polk. My November 10, 6 p. m.² Deputy Collector Customs Presidio just telegraphs:

Villa forces estimated one thousand attacked Ojinaga daylight. Fighting is desultory. Few Carrancistas wounded have crossed to Presidio.

COBB

²Not printed.

File No. 812.00/21453

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, November 15, 1917.

Department has just been informed officially that a force of Villistas, estimated one thousand strong, is attacking Ojinaga. It is feared that this attack may endanger American life and property in Texas. Press reports indicate desperate fighting going on, bullets falling on American side, and scores of Mexicans crossing into United States, fearing massacre.

It is desired that you communicate foregoing to appropriate Mexican authorities, and impress upon them the urgent necessity of providing adequate protection against border raids and attacks. If you see no objection thereto, you may say that it is the opinion of this Government that the Mexican Government should immediately concentrate its energies to suppress bandits along border, and that campaign in oil fields may well be postponed for this and other reasons until danger of frontier raids by bandits has been entirely eliminated, and border made safe to citizens of both countries.

LANSING

File No. 812.00/21462

Collector Cobb to the Secretary of State

[Telegram]

EL PASO, November 15, 1917, 9 a. m.

For Polk. My November 14, 11 a. m. Villistas captured Ojinaga last night. Three hundred Carrancistas with arms surrendered to Americans.

COBB

File No. 812.00/21477

*The Secretary of State to the Secretary of War*DEPARTMENT OF STATE,
Washington, November 22, 1917.

The Secretary of State, presenting his compliments to the Honorable the Secretary of War, has the honor to enclose a translation of a note in which the Mexican Ambassador requests the release of twenty-seven Mexican soldiers who it is stated, when pursued into Texas by malefactors, were arrested there by the American authorities, and to ask that the Ambassador's request be complied with if no objection is perceived.

ROBERT LANSING

File No. 812.00/21477

[Inclosure—Translation]

*The Mexican Ambassador to the Secretary of State*MEXICAN EMBASSY,
Washington, November 16, 1917.

EXCELLENCY: The Consul of Mexico at Presidio, Texas, reports to me that 27 Mexican soldiers fleeing from a band of malefactors who pursued them crossed into American territory opposite the American town of El India, Texas, where they were arrested by the American authorities and sent to Presidio, Texas.

I shall be obliged to your excellency if you will kindly issue the order to let those twenty-seven soldiers return to my country with the arms and baggage they brought over the border.

Thanking your excellency for the attention you may give to this matter, I avail [etc.]

Y. BONILLAS

File No. 812.00/21477

The Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE,
Washington, November 22, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note of November 16, in which you request that twenty-seven Mexican soldiers, who were pursued into Texas by malefactors, and were arrested there by the American authorities, be released.

In reply I have the honor to inform you that I have taken pleasure in commending your request to the favorable consideration of the Secretary of War.

Accept [etc.]

ROBERT LANSING

File No. 812.00/21584

The Mexican Ambassador to the Secretary of State

MEXICAN EMBASSY,
Washington, December 22, 1917.

EXCELLENCY: I have received the following telegram from the President of Mexico:

Juan Andrew Almazan entered Mexican territory at Tualchal, near Matamoros, and with him Romulo Cuellar and Lorenzo Lopez who gathered together 350 men. They were completely routed at Agualeguas on the 6th instant. Between Ciudad Camargo and Mier another party tried to cross. Name of commander unknown. Opposite San Ignacio and Guerrero, State of Tamaulipas, Antonio J. Villarreal is organizing for the purpose of crossing to said State of Tamaulipas. Before the capture of Ojinaga by Villa, another party of reactionaries crossed the boundary line into Chihuahua headed by Hipolito Villa.

I earnestly ask your excellency to have such orders issued through the proper channels, that the frontier be guarded to prevent the organization of such evildoers, and their crossing into a friendly country to commit lawless acts and to cause trouble to the two Governments.

Accept [etc.]

Y. BONILLAS

File No. 812.00/21584

The Secretary of State to the Mexican Ambassador

No. 315

DEPARTMENT OF STATE,
Washington, December 29, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note of December 22, 1917, in which you quote a telegram received by you from the President of Mexico, wherein the latter

states that Juan Andrew Almazan, Romulo Cuellar and Lorenzo Lopez entered Mexico at Tualchal, near Matamoros, where they gathered a band of three hundred and fifty men, but were completely routed at Agualeguas, on December 6, 1917; that another band tried to cross into Mexico between Ciudad Camargo and Mier; that opposite San Ignacio and Guerrero, Antonio J. Villarreal is organizing a band for the purpose of crossing into the State of Tamaulipas; and that, before the capture of Ojinaga by Villa, another band of reactionaries, headed by Hipolito Villa, crossed the boundary line into the State of Chihuahua.

You request that orders be issued by the Government of the United States for the guarding of the frontier, in order to prevent the organization of such evildoers, and their crossing into Mexico.

In reply I have the honor to inform your excellency that I have sent a copy of your note to the Secretary of War, for such action by him as the facts of the case may call for.

Accept [etc.]

ROBERT LANSING

CONSTITUTION OF THE UNITED MEXICAN STATES, 1917

File No. 812.011/3a

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 9, 1917, 11 a. m.

608. Keep Department telegraphically advised of any proposed or adopted changes in the Mexican Constitution now under discussion by the Querétaro Assembly, which are or may be inimical to the rights and interests of Americans.

LANSING

File No. 812.011/5

Mr. Parker, representing American interests, to the Secretary of State

[Telegrams]

QUERÉTARO, January 11, 1917, 3 p. m.

637. Department's 608. Through friends in Congress I am endeavoring to obtain text of articles already approved.

Article 3 as approved makes all primary education nonsectarian and lay. This means the prohibition of schools carried on or controlled by the various Roman Catholic orders and by the different Protestant missions boards. Most of the latter and many of the former are American.

PARKER

File No. 812.011/9

QUERÉTARO, January 18, 1917, 3 p. m.

647. Article 28 of the new Constitution was approved yesterday. In effect it prohibits monopolies except coinage, mails, telegraphs, copyrights and patents and the issue of paper money by one sole bank

controlled by the Government. Exception is also made for associations or societies which sell their products directly to foreign markets and do not deal in articles of prime necessity.

The enforcement of this article will work hardship on many industries such as smelters, foundries, etc., which have hitherto enjoyed certain privileges in way of exemption from taxation for a period of years and will probably result in withdrawal of considerable foreign capital. Although Article 14, already approved, states that no law shall be given retroactive effect there is a strong belief that this present article will be taken advantage of for the formation of laws in accordance with which retroactive judgments will be made.

PARKER

File No. 812.011/10

Mr. Thurston, in charge of American interests, to the Secretary of State

[Telegram]

MEXICO, January 19, 1917, 9 p. m.

Am advised reformed Article 33 relating to foreigners will soon be passed upon at Querétaro. To-day press publishes conservative and drastic forms submitted both containing a clause as to foreigners renouncing citizenship rights and up to acquiring certain classes of property in Mexico.

THURSTON

File No. 812.011/11a

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 22, 1917, 5 p. m.

621. The Department's attention has been called to certain proposed provisions relating to rights of foreigners in Mexico which provisions it appears, the convention in session at Querétaro has decided to incorporate into the Mexican Constitution.

The first paragraph of Article 27, relating to the expropriation of private property appears to confer on the executive the power to determine, without any legislative authority and without any judicial recourse being afforded to property owners to protect their rights, the necessity or utility of property the condemnation of which to him may seem advisable. The vesting of such extensive powers in the executive appears objectionable. It would seem desirable that at least the question as to whether property is taken for a public purpose should always be subject to judicial review.

The seventh paragraph of the same article provides that civil and commercial companies may not own and operate for themselves properties of an area greater than that absolutely necessary for the accomplishment of the purposes of their creation, and that the executive shall in every case determine the appropriate area. The objection to a provision so capable of capricious application appears evident. The precise conditions under which the power vested in the executive may be exercised are not defined. No safeguards are afforded

against unwise or arbitrary executive acts. The fact that purchases would seemingly in all cases be subject to executive sanction would alone appear to show the impossibility of any proper practicable application of such a provision. While it is hardly to be supposed that it is intended to give this provision retroactive effect, should this be done such action would apparently result in confiscation of property rights vested under existing laws and treaty stipulations, since no provision is made for compensation for property taken and since property would evidently not under such conditions be taken in the proper exercise of the right of expropriation.

Article 28, providing that there shall be no exemption from taxation would apparently, if improperly given a retroactive effect, impair the obligation of contracts of many foreign corporations now operating under agreements, concluded either with the Mexican Federal Government or with Mexican states, which provide for certain exemptions from taxation for periods that have not yet expired.

By the first and second paragraphs of Article 33 it is provided that the executive may expel from the country forthwith and without judicial process any foreigners whose presence he may deem inadvisable, and that there shall be no appeal from his decree. These provisions apparently confer authority on the executive to expel foreigners without regard for the general practice of nations which confines the exercise of the power of expulsion to cases in which just cause for the exercise of this harsh measure are clearly shown. The express power of the executive to expel, for reasons satisfactory to himself, aliens who have been permitted to enter Mexico, would seemingly place all aliens in that country in a position of insecurity and would appear to be at variance with the apparently growing tendency of nations to restrict the exercise of this right with a view to affording safeguards against the expulsion of aliens in an arbitrary manner inconsistent with the proper protection of their just rights, and with a view to the observance of the rules of international comity.

The third paragraph of Article 33 provides that foreigners may not acquire real estate unless they shall declare their intention to waive their citizenship and the protection of their governments in all matters appertaining to the property. The Government of the United States has in the past made clear, as doubtless have other nations, that it cannot concede the right of Mexico to limit, by its municipal law, this Government's right of intervention to protect the rights of its citizens residing or sojourning in that country, nor concede that waivers such as those referred to in this provision can annul the relations of citizens to their own government and extinguish the obligation of this Government to protect its citizens in Mexico. In so far as the proposed provision would hamper the transfer to another foreigner of foreign owned lands, it would apparently in a sense be confiscatory of rights enjoyed by the foreign owner from the time of his acquisition of the property.

You will immediately bring the foregoing to the attention of General Carranza and say that the above-mentioned provisions seem to indicate a proposed policy toward foreigners which is fraught with possible grave consequences affecting the commercial and the political relations of Mexico with other nations. You will point out that the Government of the United States cannot, of course, acquiesce in

any direct or indirect confiscation of foreign-owned properties in Mexico. You will further say that the Government of the United States, with a view to avoiding the possibility of the disturbance of hitherto pleasant relations existing between the two Governments, and with a view to avoiding future serious difficulties with any government organized under the proposed constitution, earnestly desires General Carranza to give these matters his careful personal consideration.

LANSING

File No. 812.011/14

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 24, 1917.

629. Department informed Constitutional Convention considering recently proposed articles prohibiting any person holding more than two hundred acres of land, annulling all purchases of land since 1857, restoring tribal lands now held by private individuals or companies, and providing for nationalization of oil lands.

Telegraph whether articles containing these provisions, or any of them, are before convention.

LANSING

File No. 812.011/12

Mr. Parker, representing American interests, to the Secretary of State

[Telegrams]

MEXICO, January 25, 1917, 7 p. m.

653. Article 123 relative to labor provides in brief as follows:

Eight hour day but no more than seven hours for night shift. This means four shifts for enterprises such as mines which require continuous work. Children under seventeen and women may not work after 10 o'clock p. m. Minimum wage and participation in profits are to be fixed by local municipal committee. All enterprises must furnish dwellings for laborers the rent of which may not exceed one half per cent monthly of assessed value of dwelling. Employers are not liable for accident or sickness of employees; these may strike but employers may not cease production except to maintain reasonable prices and this latter action subject to approval by conciliation committee which is composed of equal numbers of representatives of employers and employees and one representative of Government and which shall settle all differences; if this employer refuses to abide by decision of the committee he must pay the workmen three months wages; employee may likewise demand three months wages if himself or any of his family is maltreated.

PARKER

File No. 812.011/16

MEXICO, January 26, 1917, 10 a. m.

655. Department's 629, January 24, 5 p. m.

Initiative relative to Article 27 is briefly as follows:

1. No foreigner may hold real property except by renunciation of nationality as to real property rights.

2. No religious body may hold real property or administer capital thereon; churches are the property of the nation which shall determine their use.

3. Beneficent institutions may not hold more real property than that necessary for immediate use nor administer capital on real properties for periods exceeding ten years.

4. Property rights of communities cannot be alienated from the community.

5. Civil or commercial associations with titles to bearer may have only such real estate as is necessary for the establishments of service of the company.

6. Duly authorized banks may administer capital but no real estate beyond that necessary for their direct object.

7. No other corporations than those mentioned in sections three, four, five and six may hold or administer real estate except that necessary for their direct objects.

8. All contracts of purchase from communities established under the law of July 25, 1856, are void and properties shall be returned to the communities except such real properties as were duly transferred by the provisions of that law and do not exceed one hundred hectares.

9. The Nation shall have the right to regulate private real property et cetera for appropriate distribution of natural resources.

10. The Nation reserves all subsoil rights; this includes all minerals, coal and petroleum.

11. All water rights are reserved to the Nation.

12. Value of real property when expropriated by Government will be based on assessed taxes.

13. From date of promulgation of this constitution all real property held by private persons for more than 30 years peacefully, publicly and continuously shall be their property provided that the property thus held does not exceed ten thousand hectares and the lands and waters are not otherwise reserved by this article.

14. The exercise of the powers conferred on the Nation by this article shall be carried out by judicial procedure but the judicial orders shall be carried by the administrative powers.

PARKER

File No. 812.011/31

Mr. Parker, representing American interests, to the Secretary of State

No. 681

MEXICO, February 7, 1917.

SIR: I have the honor to transmit herewith, in compliance with the Department's telegram No. 651 of February 5, 5 p. m., two copies of the *Diario Oficial* containing the entire text of the reformed Mexican Constitution.

I have [etc.]

CHARLES B. PARKER

[Inclosure—Translation]

I, Venustiano Carranza, First Chief of the Constitutionalist Army, charged with the Executive Power of the United Mexican States, make known:

That the Constituent Congress, assembled in this city on the 1st of December 1916, by virtue of the decree of September 19 of the same year calling it, issued

by the First Chief, as provided by Article 4 of the changes made on the 14th of said month in the decree of December 12, 1914, issued at Vera Cruz, supplementing the Plan of Guadalupe, of March 26, 1913, has seen fit to enact the following Political Constitution of the United Mexican States, revising that of February 5, 1857.

MEXICAN CONSTITUTION OF 1917

TITLE I

CHAPTER I

Personal Guaranties

Article 1. Every person in the United Mexican States shall enjoy all guaranties granted by this Constitution; these shall neither be abridged nor suspended except in such cases and under such conditions as are herein provided.

Article 2. Slavery is forbidden in the United Mexican States. Slaves who enter the national territory shall, by this act alone, recover their freedom, and enjoy the protection of the law.

Article 3. Instruction is free; that given in public institutions of learning shall be secular. Primary instruction, whether higher or lower, given in private institutions shall likewise be secular.

No religious corporation nor minister of any religious creed shall establish or direct schools of primary instruction.

Private primary schools may be established only subject to official supervision.

Primary instruction in public institutions shall be gratuitous.

Article 4. No person shall be prevented from engaging in any profession, industrial or commercial pursuit or occupation of his liking, provided it be lawful. The exercise of this liberty shall only be forbidden by judicial order when the rights of third persons are infringed, or by executive order, issued under the conditions prescribed by law, when the rights of society are violated. No one shall be deprived of the fruit of his labor except by judicial decree.

Each State shall determine by law what professions shall require licenses, the requisites to be complied with in obtaining the same, and the authorities empowered to issue them.

Article 5. No one shall be compelled to render personal services without due compensation and without his full consent, excepting labor imposed as a penalty by judicial decree, which shall conform to the provisions of clauses I and II of Article 123.

Only the following public services shall be obligatory, subject to the conditions set forth in the respective laws: military service, jury service, service in municipal and other public elective office, whether this election be direct or indirect, and service in connection with elections, which shall be obligatory and without compensation.

The State shall not permit any contract, covenant or agreement to be carried out having for its object the abridgment, loss or irrevocable sacrifice of the liberty of man, whether by reason of labor, education or religious vows. The law, therefore, does not permit the establishment of monastic orders, of whatever denomination, or for whatever purpose contemplated.

Nor shall any person legally agree to his own proscription or exile, or to the temporary or permanent renunciation of the exercise of any profession or industrial or commercial pursuit.

A contract for labor shall only be binding to render the services agreed upon for the time fixed by law and shall not exceed one year to the prejudice of the party rendering the service; nor shall it in any case whatsoever embrace the waiver, loss or abridgment of any political or civil right.

In the event of a breach of such contract on the part of the party pledging himself to render the service, the said party shall only be liable civilly for damages arising from such breach, and in no event shall coercion against his person be employed.

Article 6. The expression of ideas shall not be the subject of any judicial or executive investigation, unless it offend good morals, impair the rights of third parties, incite to crime or cause a breach of the peace.

Article 7. Freedom of writing and publishing writings on any subject is inviolable. No law or authority shall have the right to establish censorship, require

bond from authors or printers, nor restrict the liberty of the press, which shall be limited only by the respect due to private life, morals and public peace. Under no circumstances shall a printing press be sequestrated as the *corpus delicti*.

The organic laws shall prescribe whatever provisions may be necessary to prevent the imprisonment, under pretext of a denunciation of offenses of the press, of the vendors, newsboys, workmen and other employees of the establishment publishing the writing denounced, unless their responsibility be previously established.

Article 8. Public officials and employees shall respect the exercise of the right of petition, provided it be in writing and in a peaceful and respectful manner; but this right may be exercised in political matters solely by citizens.

To every petition there shall be given an answer in writing by the official to whom it may be addressed, and the said official shall be bound to inform the petitioner of the decision taken within a brief period.

Article 9. The right peaceably to assemble or to come together for any lawful purpose shall not be abridged; but only citizens shall be permitted to exercise this right for the purpose of taking part in the political affairs of the country. No armed assembly shall have the right to deliberate.

No meeting or assembly shall be deemed unlawful, nor may it be dissolved, which shall have for its purpose the petitioning of any authority or the presentation of any protest against any act, provided no insults be proffered against the said authority, nor violence resorted to, nor threats used to intimidate or to compel the said authority to render a favorable decision.

Article 10. The inhabitants of the United Mexican States are entitled to have arms of any kind in their possession for their protection and legitimate defense, excepting such as are expressly prohibited by law and such as the nation may reserve for the exclusive use of the army, navy and national guard; but they shall not bear such arms within inhabited places, except subject to the police regulations thereof.

Article 11. Every one has the right to enter and leave the Republic, to travel through its territory and change his residence without necessity of a letter of security, passport, safe conduct or any other similar requirement. The exercise of this right shall be subordinated to the powers of the judiciary, in the event of civil or criminal responsibility, and to those of the executive, in so far as relates to the limitations imposed by law in regard to emigration, immigration and the public health of the country, or in regard to undesirable foreigners resident in the country.

Article 12. No titles of nobility, prerogatives or hereditary honors shall be granted in the United Mexican States, nor shall any effect be given to those granted by other countries.

Article 13. No one shall be tried according to private laws or by special tribunals. No person or corporation shall have privileges nor enjoy emoluments which are not in compensation for public services and established by law. Military jurisdiction shall be recognized for the trial of criminal cases having direct connection with military discipline, but the military tribunals shall in no case and for no reason extend their jurisdiction over persons not belonging to the army. Whenever a civilian shall be implicated in any military crime or offense, the cause shall be heard by the corresponding civil authorities.

Article 14. No law shall be given retroactive effect to the prejudice of any person whatsoever.

No person shall be deprived of life, liberty, property, possessions or rights without due process of law instituted before a duly created court, in which the essential elements of procedure are observed and in accordance with previously existing laws.

In criminal cases no penalty shall be imposed by mere analogy or even by *a priori* evidence, but the penalty shall be decreed by a law in every respect applicable to the crime in question.

In civil suits the final judgment shall be according to the letter or the juridical interpretation of the law; in the absence of the latter, the general legal principles shall govern.

Article 15. No treaty shall be authorized for the extradition of political offenders, or of offenders of the common class, who have been slaves in the country where the offense was committed. Nor shall any agreement or treaty be entered into which abridges or modifies the guaranties and rights which this Constitution grants to the individual and to the citizen.

Article 16. No one shall be molested in his person, family, domicile, papers or possessions, except by virtue of an order in writing of the competent authority setting forth the legal ground and justification for the action taken. No

order of arrest or detention shall be issued against any person other than by competent judicial authority, nor unless preceded by a charge, accusation or complaint for a specific offense punishable by imprisonment, supported by an affidavit of a credible party or by such other evidence as shall make the guilt of the accused probable; in cases *in flagrante delicto* any person may arrest the offender and his accomplices, placing them without delay at the disposition of the nearest authorities. Only in urgent cases instituted by the public attorney without previous complaint or indictment and when there is no judicial authority available may the administrative authorities, on their strictest accountability, order the detention of the accused, placing him at the disposition of the judicial authorities. Every search warrant, which may only be issued by the judicial authority and which must be in writing, shall specify the place to be searched, the person or persons to be arrested and the objects sought, to which the proceeding shall be strictly limited; at the conclusion of which, a detailed written statement shall be drawn up in the presence of two witnesses proposed by the occupant of the place to be searched, or, in his absence or refusal, by the official making the search.

Administrative officials may enter private houses solely for the purpose of determining that the sanitary and police regulations have been complied with; they may likewise demand the exhibition of books and documents necessary to prove that the fiscal regulations have been obeyed, subject to the respective laws and to the formalities prescribed for cases of search.

Article 17. No one shall be imprisoned for debts of a purely civil character. No one shall take the law into his own hands, nor resort to violence in the enforcement of his rights. The courts shall be open for the administration of justice at such times and under such conditions as the law may establish; their services shall be gratuitous and all judicial costs are accordingly prohibited.

Article 18. Detention shall be exercised only for offenses meriting corporal punishment. The place of detention shall be different and completely separated from that set apart for the serving of sentences.

The Federal and State Governments shall organize in their respective territories the penal system—penal colonies or prisons—on the basis of labor as a means of regeneration.

Article 19. No detention shall exceed three days except for reasons specified in the formal order of commitment, which shall set forth the offense charged, the substance thereof, the time, place and circumstances of its commission, and the facts disclosed in the preliminary examination; these facts must always be sufficient to establish the *corpus delicti* and the probable guilt of the accused. All authorities ordering any detention or consenting thereto, as well as all agents, subordinates, wardens or jailers executing the same, shall be liable for any breach of this provision.

The trial shall take place only for the offense or offenses set forth in the formal order of commitment. If it shall develop in the course of trial that another offense different from that charged has been committed, a separate accusation must be brought. This, however, shall not prevent the joinder of both causes of action, if deemed advisable.

Any maltreatment during apprehension or confinement; any molestation inflicted without legal justification; any exaction or contribution levied in prison are abuses which the law shall correct and the authorities repress.

Article 20. In every criminal trial the accused shall enjoy the following guaranties:

I. He shall be set at liberty on demand and upon giving a bond up to ten thousand pesos, according to his status and the gravity of the offense charged, provided, however, that the said offense shall not be punishable with more than five years' imprisonment; he shall be set at liberty without any further requisite than the placing of the stipulated sum at the disposal of the proper authorities or the giving of an adequate mortgage bond or personal security.

II. He may not be forced to be a witness against himself; wherefore denial of access or other means looking towards this end is hereby strictly prohibited.

III. He shall be publicly notified within forty-eight hours after being turned over to the judicial authorities of the name of his accuser and of the nature of and cause for the accusation, so that he may be familiar with the offense with which he is charged, may reply thereto and make his preliminary statement.

IV. He shall be confronted with the witnesses against him, who shall testify in his presence if they are to be found in the place where the trial is being held, so that he may cross-examine them in his defense.

V. All witnesses which he shall offer shall be heard in his defense, as well as all evidence received, for which he shall be given such time as the law may prescribe; he shall furthermore be assisted in securing the presence of any person or persons whose testimony he may request, provided they are to be found at the place of trial.

VI. He shall be entitled to a public trial by a judge or jury of citizens who can read and write and are also citizens of the place and district where the offense shall have been committed, provided the penalty for such offense be greater than one year's imprisonment. The accused shall always be entitled to trial by jury for all offenses committed by means of the press against the public peace or against the safety, domestic or foreign, of the Republic.

VII. He shall be furnished with all information of record needed for his defense.

VIII. He shall be tried within four months, if charged with an offense the maximum penalty for which does not exceed two years' imprisonment, and within one year, if the maximum penalty be greater.

IX. He shall be heard in his own defense, either personally or by counsel, or by both, as he may desire. In case he shall have no one to defend him, a list of official counsel shall be submitted to him in order that he may choose one or more to act in his defense. If the accused shall not desire to name any counsel for his defense, after having been called upon to do so at the time of his preliminary examination, the court shall appoint counsel to defend him. The accused may name his counsel immediately on arrest and shall be entitled to have him present at every stage of the trial; but he shall be bound to make him appear as often as required by the court.

X. In no event may imprisonment or detention be extended through failure to pay counsel fees or through any other pecuniary charge, by virtue of any civil liability or other similar cause. Nor shall detention be extended beyond the time set by law as the maximum for the offense charged.

The period of detention shall be reckoned as a part of the final sentence.

Article 21. The imposition of all penalties is an exclusive attribute of the judiciary. The prosecution of offenses belongs to the public prosecutor and to judicial police, who shall be under the immediate command and authority of the public prosecutor. The punishment of violations of municipal and police regulations belong to the administrative authorities, and shall consist only of a fine or of imprisonment not exceeding thirty-six hours. Should the offender fail to pay the fine this shall be substituted by the corresponding period of arrest, which shall in no case exceed fifteen days.

Should the offender be a workman or unskilled laborer, he shall not be punished with a fine greater than the amount of his weekly wage or salary.

Article 22. Punishments by mutilation and infamy, by branding, flogging, beating with sticks, torture of any kind, excessive fines, confiscation of property and any other penalties, unusual or working corruption of the blood, are prohibited.

Attachment proceedings of the whole or part of the property of any person made under judicial authority to cover any civil liability arising out of the commission of any offense, or by reason of the imposition of any tax or fine, shall not be deemed a confiscation of property.

Capital punishment is likewise forbidden for all political offenses; in the case of offenses other than political it shall only be imposed for high treason committed during a foreign war, parricide, murder with malice aforethought, arson, abduction, highway robbery, piracy and grave military offenses.

Article 23. No criminal case shall have more than three instances. No person, whether acquitted or convicted, shall be tried again for the same offense. The practice of discharging in one instance is abolished.

Article 24. Every one is free to embrace the religion of his choice and to practice all ceremonies, devotions or observances of his respective creed, either in places of public worship or at home, provided they do not constitute an offense punishable by law.

Every religious act of public worship shall be performed strictly within the places of public worship, which shall be at all times under governmental supervision.

Article 25. Sealed correspondence sent through the mails shall be free from search, and its violation shall be punishable by law.

Article 26. No member of the army shall in time of peace be quartered in private dwellings, without the consent of the owner; nor shall he demand any other exaction. In time of war the military may demand lodging, equipment,

provisions and other assistance, in the manner provided by the corresponding martial law.

Article 27. The ownership of lands and waters comprised within the limits of the national territory is vested originally in the Nation, which has had, and has, the right to transmit title thereof to private persons, thereby constituting private property.

Private property shall not be expropriated except for reasons of public utility and by means of indemnification.

The Nation shall have at all times the right to impose on private property such limitations as the public interest may demand as well as the right to regulate the development of natural resources, which are susceptible of appropriation, in order to conserve them and equitably to distribute the public wealth. For this purpose necessary measures shall be taken to divide large landed estates; to develop small landed holdings; to establish new centers of rural population with such lands and waters as may be indispensable to them; to encourage agriculture and to prevent the destruction of natural resources, and to protect property from damage detrimental to society. Settlements, hamlets situated on private property and communes which lack lands or water or do not possess them in sufficient quantities for their needs shall have the right to be provided with them from the adjoining properties, always having due regard for small landed holdings. Wherefore, all grants of lands made up to the present time under the decree of January 6, 1915, are confirmed. Private property acquired for the said purposes shall be considered as taken for public utility.

In the Nation is vested direct ownership of all minerals or substances which in veins, layers, masses or beds constitute deposits whose nature is different from the components of the land, such as minerals from which metals and metaloids used for industrial purposes are extracted; beds of precious stones, rock salt and salt lakes formed directly by marine waters, products derived from the decomposition of rocks, when their exploitation requires underground work; phosphates which may be used for fertilizers; solid mineral fuels; petroleum and all hydrocarbons—solid, liquid or gaseous.

In the Nation is likewise vested the ownership of the waters of territorial seas to the extent and in the terms fixed by the law of nations; those of lakes and inlets of bays; those of interior lakes of natural formation which are directly connected with flowing waters; those of principal rivers or tributaries from the points at which there is a permanent current of water in their beds to their mouths, whether they flow to the sea or cross two or more States; those of intermittent streams which traverse two or more States in their main body; the waters of rivers, streams or ravines, when they bound the national territory or that of the States; waters extracted from mines; and the beds and banks of the lakes and streams hereinbefore mentioned, to the extent fixed by law. Any other stream of water not comprised within the foregoing enumeration shall be considered as an integral part of the private property through which it flows; but the development of the waters when they pass from one landed property to another shall be considered of public utility and shall be subject to the provisions prescribed by the States.

In the cases to which the two foregoing paragraphs refer, the ownership of the Nation is inalienable and may not be lost by prescription; concessions shall be granted by the Federal Government to private parties or civil or commercial corporations organized under the laws of Mexico, only on condition that said resources be regularly developed, and on the further condition that the legal provisions be observed.

Legal capacity to acquire ownership of lands and waters of the nation shall be governed by the following provisions:

I. Only Mexicans by birth or naturalization and Mexican companies have the right to acquire ownership in lands, waters and their appurtenances, or to obtain concessions to develop mines, waters or mineral fuels in the Republic of Mexico. The Nation may grant the same right to foreigners, provided they agree before the Department of Foreign Affairs to be considered Mexicans in respect to such property, and accordingly not to invoke the protection of their Governments in respect to the same, under penalty, in case of breach, of forfeiture to the Nation of property so acquired. Within a zone of 100 kilometers from the frontiers, and 50 kilometers from the sea coast, no foreigner shall under any conditions acquire direct ownership of lands and waters.

II. The religious institutions known as churches, irrespective of creed, shall in no case have legal capacity to acquire, hold or administer real property or loans made on such real property; all such real property or loans as may be at present

held by the said religious institutions, either on their own behalf or through third parties, shall vest in the Nation, and any one shall have the right to denounce property so held. Presumptive proof shall be sufficient to declare the denunciation well-founded. Places of public worship are the property of the Nation, as represented by the Federal Government, which shall determine which of them may continue to be devoted to their present purposes. Episcopal residences, rectories, seminaries, orphan asylums or collegiate establishments of religious institutions, convents or any other buildings built or designed for the administration, propaganda or teaching of the tenets of any religious creed shall forthwith vest, as of full right, directly in the Nation, to be used exclusively for the public services of the Federation or of the States, within their respective jurisdictions. All places of public worship which shall later be erected shall be the property of the Nation.

III. Public and private charitable institutions for the sick and needy, for scientific research, or for the diffusion of knowledge, mutual aid societies or organizations formed for any other lawful purpose shall in no case acquire, hold or administer loans made on real property, unless the mortgage terms do not exceed ten years. In no case shall institutions of this character be under the patronage, direction, administration, charge or supervision of religious corporations or institutions, nor of ministers of any religious creed or of their dependents, even though either the former or the latter shall not be in active service.

IV. Commercial stock companies shall not acquire, hold or administer rural properties. Companies of this nature which may be organized to develop any manufacturing, mining, petroleum or other industry, excepting only agricultural industries, may acquire, hold or administer lands only in an area absolutely necessary for their establishments or adequate to serve the purposes indicated, which the Executive of the Union or of the respective State in each case shall determine.

V. Banks duly organized under the laws governing institutions of credit may make mortgage loans on rural and urban property in accordance with the provisions of the said laws, but they may not own nor administer more real property than that absolutely necessary for their direct purposes; and they may furthermore hold temporarily for the brief term fixed by law such real property as may be judicially adjudicated to them in execution proceedings.

VI. Properties held in common by co-owners, hamlets situated on private property, pueblos, tribal congregations and other settlements which, as a matter of fact or law, conserve their communal character, shall have legal capacity to enjoy in common the waters, woods and lands belonging to them, or which may have been or shall be restored to them according to the law of January 6, 1915, until such time as the manner of making the division of the lands shall be determined by law.

VII. Excepting the corporations to which Clauses III, IV, V and VI hereof refer, no other civil corporation may hold or administer on its own behalf real estate or mortgage loans derived therefrom, with the single exception of buildings designed directly and immediately for the purposes of the institution. The States, the Federal District and the Territories, as well as the municipalities throughout the Republic, shall enjoy full legal capacity to acquire and hold all real estate necessary for public services.

The Federal and State laws shall determine within their respective jurisdictions those cases in which the occupation of private property shall be considered of public utility; and in accordance with the said laws the administrative authorities shall make the corresponding declaration. The amount fixed as compensation for the expropriated property shall be based on the sum at which the said property shall be valued for fiscal purposes in the catastral or revenue offices, whether this value be that manifested by the owner or merely impliedly accepted by reason of the payment of his taxes on such a basis, to which there shall be added ten per cent. The increased value which the property in question may have acquired through improvements made subsequent to the date of the fixing of the fiscal value shall be the only matter subject to expert opinion and to judicial determination. The same procedure shall be observed in respect to objects whose value is not recorded in the revenue offices.

All proceedings, findings, decisions and all operations of demarcation, concession, composition, judgment, compromise, alienation or auction which may have deprived properties held in common by co-owners, hamlets situated on private property, settlements, congregations, tribes and other settlement organizations still existing since the law of June 25, 1856, of the whole or a part of their lands,

woods and waters, are declared null and void; all findings, resolutions and operations which may subsequently take place and produce the same effects shall likewise be null and void. Consequently all lands, forests and waters of which the above-mentioned settlements may have been deprived shall be restored to them according to the decree of January 6, 1915, which shall remain in force as a constitutional law. In case the adjudication of lands, by way of restitution, be not legal in the terms of the said decree, which adjudication has been requested by any of the above entities, those lands shall nevertheless be given to them by way of grant, and they shall in no event fail to receive such as they may need. Only such lands, title to which may have been acquired in the divisions made by virtue of the said law of June 25, 1856, or such as may be held in undisputed ownership for more than ten years are excepted from the provision of nullity, provided their area does not exceed fifty hectares. Any excess over this area shall be returned to the commune and the owner shall be indemnified. All laws of restitution enacted by virtue of this provision shall be immediately carried into effect by the administrative authorities. Only members of the commune shall have the right to the lands destined to be divided, and the rights to these lands shall be inalienable so long as they remain undivided; the same provision shall govern the right of ownership after the division has been made. The exercise of the rights pertaining to the Nation by virtue of this article shall follow judicial process; but as a part of this process and by order of the proper tribunals, which order shall be issued within the maximum period of one month, the administrative authorities shall proceed without delay to the occupation, administration, auction or sale of the lands and waters in question, together with all their appurtenances, and in no case may the acts of the said authorities be set aside until final sentence is handed down.

During the next constitutional term, the Congress and the State Legislatures shall enact laws, within their respective jurisdictions, for the purpose of carrying out the division of large landed estates, subject to the following conditions:

(a) In each State and Territory there shall be fixed the maximum area of land which any one individual or legally organized corporation may own.

(b) The excess of the area thus fixed shall be subdivided by the owner within the period set by the laws of the respective locality; and these subdivisions shall be offered for sale on such conditions as the respective governments shall approve, in accordance with the said laws.

(c) If the owner shall refuse to make the subdivision, this shall be carried out by the local government, by means of expropriation proceedings.

(d) The value of the subdivisions shall be paid in annual amounts sufficient to amortize the principal and interest within a period of not less than twenty years, during which the person acquiring them may not alienate them. The rate of interest shall not exceed five per cent per annum.

(e) The owner shall be bound to receive bonds of a special issue to guarantee the payment of the property expropriated. With this end in view, the Congress shall issue a law authorizing the States to issue bonds to meet their agrarian obligations.

(f) The local laws shall govern the extent of the family patrimony, and determine what property shall constitute the same on the basis of its inalienability; it shall not be subject to attachment nor to any charge whatever.

All contract and concessions made by former Governments from and after the year 1876 which shall have resulted in the monopoly of lands, waters and natural resources of the Nation by a single individual or corporation, are declared subject to revision, and the Executive is authorized to declare those null and void which seriously prejudice the public interest.

Article 28. There shall be no private nor governmental monopolies of any kind whatsoever in the United Mexican States; nor exemption from taxation; nor any prohibition even under cover of protection to industry, excepting only those relating to the coinage of money, to the postal, telegraphic, and radio-telegraphic services, to the issuance of bills by a single banking institution to be controlled by the Federal Government, and to the privileges which for a limited period the law may concede to authors and artists for the reproduction of their work; and lastly, to those granted inventors or improvers of inventions for the exclusive use of their inventions.

The law will accordingly severely punish and the authorities diligently prosecute any accumulating or cornering by one or more persons of necessities for the purpose of bringing about a rise in price; any act or measure which shall stifle or endeavor to stifle free competition in any production, industry, trade or public service; any agreement or combination of any kind entered into by producers,

manufacturers, merchants, common carriers or other public or quasi-public service, to stifle competition and to compel the consumer to pay exorbitant prices; and in general whatever constitutes an unfair and exclusive advantage in favor of one or more specified person or persons to the detriment of the public in general or of any special class of society.

Associations of labor organized to protect their own interests shall not be deemed a monopoly. Nor shall cooperative associations or unions of producers be deemed monopolies when, in defense of their own interests or of the general public, they sell directly in foreign markets national or industrial products which are the principal source of wealth of the region in which they are produced, provided they be not necessities, and provided further that such associations be under the supervision or protection of the Federal Government or of that of the States, and provided further that authorization be in each case obtained from the respective legislative bodies. These legislative bodies may, either on their own initiative or on the recommendation of the Executive, revoke, whenever the public interest shall so demand, the authorization granted for the establishment of the associations in question.

Article 29. In cases of invasion, grave disturbance of the public peace or any other emergency which may place society in grave danger or conflict, the President of the United Mexican States only with the concurrence of the Council of Ministers, and with the approval of the Congress, or if the latter shall be in recess, of the Permanent Committee, shall have power to suspend throughout the whole Republic or in any portion thereof, such guaranties as shall be a hindrance in meeting the situation promptly and readily; but such suspension shall in no case be confined to a particular individual, but shall be made by means of a general decree and only for a limited period. If the suspension occur while the Congress is in session, this body shall grant such powers as in its judgment the Executive may need to meet the situation; if the suspension occur while the Congress is in recess, the Congress shall be convoked forthwith for the granting of such powers.

CHAPTER II

Mexicans

Article 30. A Mexican shall be such either by birth or by naturalization.

I. Mexicans by birth are those born of Mexican parents, within or without the Republic, provided in the latter case the parents be also Mexicans by birth. Persons born within the Republic of foreign parentage shall likewise be considered Mexicans by birth, who within one year after they come of age shall declare to the Department of Foreign Affairs that they elect Mexican citizenship, and who shall furthermore prove to the said Department that they have resided within the country during the six years immediately prior to the said declaration.

II. Mexicans by naturalization are:

(a) The children of foreign parentage born in the country, who shall elect Mexican citizenship in the manner prescribed in the foregoing clause, and in whom the residence qualification required in the said section does not concur.

(b) Those persons who shall have resided in the country for five consecutive years, have an honest means of livelihood and shall have obtained naturalization from the said Department of Foreign Affairs.

(c) Those of mixed Indian and Latin descent who may have established residence in the Republic, and shall have manifested their intention to acquire Mexican citizenship.

In the cases stipulated in these sections, the law shall determine the manner of proving the requisites therein demanded.

Article 31. It shall be the duty of every Mexican:

I. To compel the attendance at either private or public schools of their children or wards, when under fifteen years of age, in order that they may receive primary instruction and military training for such periods as the law of public instruction in each State shall determine.

II. To attend on such days and at such hours as the town council shall in each case prescribe, to receive such civic instruction and military training as shall fit them to exercise their civic rights, shall make them skillful in the handling of arms and familiar with military discipline.

III. To enlist and serve in the National guard, pursuant to the respective organic law for the purpose of preserving and defending the independence, territory, honor, rights and interest of the country, as well as domestic peace and order.

IV. To contribute in the proportional and equitable manner provided by law toward the public expenses of the Federation, the State and the municipality in which he resides.

Article 32. Mexicans shall be preferred under equal circumstances to foreigners for all kinds of concessions and for all public employments, offices or commissions, when citizenship is not indispensable. No foreigner shall serve in the army nor in the police corps nor in any other department of public safety during times of peace.

Only Mexicans by birth may belong to the national navy, or fill any office or commission therein. The same requisite shall be required for captains, pilots, masters and chief engineers of Mexican merchant ships, as well as for two-thirds of the members of the crew.

CHAPTER III

Aliens

Article 33. Aliens are those who do not possess the qualifications prescribed by Article 30. They shall be entitled to the guaranties granted by Chapter I, Title I, of the present Constitution; but the Executive shall have the exclusive right to expel from the Republic forthwith, and without judicial process, any foreigner whose presence he may deem inexpedient.

No foreigner shall meddle in any way whatsoever in the political affairs of the country.

CHAPTER IV

Mexican Citizens

Article 34. Mexican citizenship shall be enjoyed only by those Mexicans who have the following qualifications:

I. Who are over 18 years of age, if married, and over 21, if not married.

II. Who have an honest means of livelihood.

Article 35. The prerogatives of citizens are:

I. To vote at popular elections.

II. To be eligible for any elective office and be qualified for any other office or commission, provided they have the other qualifications required by law.

III. To assemble for the purpose of discussing the political affairs of the country.

IV. To serve in the army or national guard for the defense of the Republic and its institutions, as by law determined.

V. To exercise the right of petition in any matter whatever.

Article 36. It shall be the duty of every citizen of the Republic:

I. To register in the polls of the municipality, setting forth any property he may own and his professional or industrial pursuit, or occupation; and also to register in the electoral registration lists, as by law determined.

II. To enlist in the national guard.

III. To vote at popular elections in the electoral district to which he belongs.

IV. To fill the elective Federal or State offices to which he may be chosen, which service shall in no case be gratuitous.

V. To serve on the town council of the municipality wherein he resides and to perform all electoral and jury service.

Article 37. Mexican citizenship shall be lost:

I. By naturalization in a foreign country.

II. By officially serving the Government of another country, or accepting its decorations, titles or employment without previous permission of the Federal Congress, excepting literary, scientific and humanitarian titles, which may be accepted freely.

III. By compromising themselves in any way before ministers of any religious creed or before any other person not to observe the present Constitution, or the laws arising thereunder.

Article 38. The rights or prerogatives of citizenship shall be suspended for the following reasons:

I. Through failure to comply, without sufficient cause, with any of the obligations imposed by Article 36. This suspension shall last for one year and shall be in addition to any other penalties prescribed by law for the same offense.

II. Through being subjected to criminal prosecution for an offense punishable with imprisonment, such suspension to be reckoned from the date of the formal order of commitment.

III. Throughout the term of imprisonment.

IV. Through vagrancy or habitual drunkenness, declared in the manner provided by law.

V. Through being a fugitive from justice, the suspension to be reckoned from the date of the order of arrest until the prescription of the criminal action.

VI. Through any final sentence which shall decree as a penalty such suspension.

The law shall determine the cases in which civic rights may be lost or suspended and the manner in which they may be regained.

TITLE II

CHAPTER I

The National Sovereignty and Form of Government

Article 39. The national sovereignty is vested essentially and originally in the people. All public power emanates from the people, and is instituted for their benefit. The people have at all times the inalienable right to alter or modify the form of their Government.

Article 40. It is the will of the Mexican people to constitute themselves into a democratic, federal, representative Republic, consisting of States, free and sovereign in all that concerns their internal affairs, but united in a federation according to the principles of this fundamental law.

Article 41. The people exercise their sovereignty through the Federal powers in the matters belonging to the Union, and through those of the States in the matters relating to the internal administration of the latter. This power shall be exercised in the manner respectively established by the Constitutions, both Federal and State. The Constitutions of the States shall in no case contravene the stipulations of the Federal Constitution.

CHAPTER II

The Integral Parts of the Federation and the National Territory

Article 42. The national territory comprises the integral parts of the Federation and the adjacent islands in both oceans. It likewise comprises the Island of Guadalupe, those of Revillagigedo, and that of La Pasión, situated in the Pacific Ocean.

Article 43. The integral parts of the Federation are: The States of Aguascalientes, Campeche, Coahuila, Colima, Chiapas, Chihuahua, Durango, Guanajuato, Guerrero, Hidalgo, Jalisco, México, Michoacán, Morelos, Nayarit, Nuevo León, Oaxaca, Puebla, Querétaro, San Luis Potosí, Sinaloa, Sonora, Tabasco, Tamaulipas, Tlaxcala, Vera Cruz, Yucatán, Zacatecas, the Federal District, the Territory of Lower California, and the Territory of Quintana Roo.

Article 44. The Federal District shall embrace its present territory; in the event of the removal of the Federal Powers to some other place it shall be created into the State of the Valley of Mexico, with such boundaries and area as the Federal Congress shall assign to it.

Article 45. The States and Territories of the Federation shall keep their present boundaries and areas, provided no boundary question shall exist between them.

Article 46. The States having pending boundary questions shall arrange or settle them as provided by this Constitution.

Article 47. The State of Nayarit shall have the territorial area and boundaries at present comprising the Territory of Tepic.

Article 48. The islands in both oceans embraced within the national territory shall depend directly on the Federal Government, excepting those over which the States have up to the present time exercised jurisdiction.

TITLE III

CHAPTER I

The Division of Powers

Article 49. The Supreme Power of the Federation is divided for its exercise into legislative, executive and judicial.

Two or more of these powers shall never be united in one person or corporation nor shall the legislative power be vested in one individual except in the case of extraordinary powers granted to the executive, in accordance with the provisions of Article 29.

CHAPTER II

The Legislative Power

Article 50. The legislative power of the United Mexican States is vested in a general Congress which shall consist of a House of Representatives and a Senate.

SECTION I

Election and Installation of the Congress

Article 51. The House of Representatives shall consist of representatives of the Nation, all of whom shall be elected every two years by the citizens of Mexico.

Article 52. One representative shall be chosen for each 60,000 inhabitants or any fraction thereof exceeding 20,000, on the basis of the general census of the Federal District and of each State and Territory. Any State or Territory in which the population shall be less than that fixed by this article shall, nevertheless, elect one representative.

Article 53. There shall be elected an alternate for each representative.

Article 54. The election of representatives shall be direct, in accordance with the provisions of the electoral law.

Article 55. Representatives shall have the following qualifications:

I. They shall be Mexican citizens by birth and in the enjoyment of their rights.

II. They shall be over twenty-five years of age on the day of election.

III. They shall be natives of the States or Territories respectively electing them, or domiciled and actually resident therein for six months immediately prior to the election. The domicile shall not be lost through absence in the discharge of any elective office.

IV. They shall not be in active service in the Federal Army, nor have any command in the police corps or rural constabulary in the districts where the elections respectively take place, for at least ninety days immediately prior to the election.

V. They shall not hold the office of secretary nor assistant secretary of any executive Department nor of justice of the Supreme Court, unless they shall have resigned therefrom ninety days immediately prior to the election.

VI. No State Governor, Secretary of State of the several States, nor State Judge shall be eligible in the districts within their several jurisdictions, unless they shall have resigned from their office ninety days immediately prior to the day of election.

VI. They shall not be ministers of any religious creed.

Article 56. The Senate shall consist of two Senators from each State and two from the Federal District, chosen in direct election.

Each State Legislature shall certify to the election of the candidate who shall have obtained a majority of the total number of votes cast.

Article 57. There shall be elected an alternate for each Senator.

Article 58. Each Senator shall serve four years. The Senate shall be renewed by half every two years.

Article 59. The qualifications necessary to be a Senator shall be the same as those necessary to be a Representative, excepting that of age, which shall be over thirty-five on the day of election.

Article 60. Each House shall be the judge of the election of its members and shall decide all questions arising therefrom.

Its decisions shall be final.

Article 61. Representatives and Senators are inviolable for opinions expressed by them in the discharge of their duties, and shall never be called to account for them.

Article 62. Representatives and Senators shall be disqualified during the terms for which they have been elected from holding any Federal or State commission or office for which any emolument is received without previous permission of the respective House; in the event of their accepting such commission or office they shall forthwith lose their representative character for such time as they shall hold such appointive office. The same provision shall apply to alternate representatives and senators, when in active service. The violation of this provision shall be punished by forfeiture of the office of Representative or Senator.

Article 63. The Houses shall not open their sessions nor exercise their functions without a quorum, in the Senate of two-thirds, and in the House of Representatives of a majority of the total membership; but the members present of either House shall meet on the day appointed by law and compel the attendance of the absentees within the next thirty days, and they shall warn them that failure to comply with this provision shall be taken to be a refusal of office, and the corresponding alternates shall be summoned forthwith; the latter shall have a similar period within which to present themselves, and on their failure to do so the seats shall be declared vacant and new elections called.

Representatives or Senators who shall be absent during ten consecutive days without proper cause or without leave of the President of the respective House, notice of which shall be duly communicated to the House, shall be understood as waiving their right to attend until the next session, and their alternates shall be summoned without delay.

If there shall be no quorum to organize either of the Houses or to continue their labors, once organized, the alternates shall be ordered to present themselves as soon as possible for the purpose of taking office until the expiration of the thirty days hereinbefore mentioned.

Article 64. No Representative or Senator who shall fail to attend any daily session without proper cause or without previous permission of the respective House, shall be entitled to the compensation corresponding to the day on which he shall have been absent.

Article 65. The Congress shall meet on the first day of September of each year in regular session for the consideration of the following matters:

I. To audit the accounts of the previous year which shall be submitted to the House of Representatives not later than ten days after the opening of the session. The audit shall not be confined to determining whether the expenditures do or do not conform with the respective items in the budget, but shall comprise an examination of the exactness of, and authorization for, payments made thereunder, and of any liability arising from such payments.

No other secret items shall be permitted than those which the budget may consider necessary as such; these amounts shall be paid out by the secretaries of executive departments under written orders of the President.

II. To examine, discuss and approve the budget for the next fiscal year, and to lay such taxes as may be needed to meet the expenditures.

III. To study, discuss and vote on all bills presented and to discuss all other matters incumbent upon the Congress by virtue of this Constitution.

Article 66. The regular session of the Congress shall last the period necessary to deal with all of the matters mentioned in the foregoing article, but it may not be extended beyond the thirty-first day of December of the same year. Should both Houses fail to agree as to adjournment prior to the above date, the matter shall be decided by the Executive.

Article 67. The Congress shall meet in extraordinary session whenever so summoned by the President, but in such event it shall consider only the matter or matters submitted to it by the President, who shall enumerate it or them in the respective call. The President shall have power to convene in extraordinary session only one of the Houses when the matter to be referred to it pertains to its exclusive jurisdiction.

Article 68. Both Houses shall hold their meetings in the same place and shall not move to another without having first agreed upon the moving and the time and manner of accomplishing it, as well as upon the place of meeting, which shall be the same for both Houses. If both Houses agree to change their meeting place but disagree as to the time, manner and place the President shall settle the question by choosing one of the two proposals. Neither House may suspend its sessions for more than three days without the consent of the other.

Article 69. The President of the Republic shall attend at the opening of the sessions of the Congress, whether regular or extraordinary, and shall submit a report in writing; this report shall, in the former case, relate to the general state of the Union; and in the latter, it shall explain to the Congress or to the House addressed the reasons or causes which rendered the call necessary and the matters requiring immediate attention.

Article 70. Every measure of the Congress shall be in the form of a law or decree. The laws or decrees shall be communicated to the Executive after having been signed by the Presidents of both Houses and by one of the secretaries of each. When promulgated, the enacting clause shall read as follows:

The Congress of the United Mexican States decrees (text of the law or decree).

SECTION II

Origin and Formation of the Laws

Article 71. The right to originate legislation pertains:

- I. To the President of the Republic;
- II. To the Representatives and Senators of the Congress;
- III. To the State Legislatures.

Bills submitted by the President of the Republic, by State Legislatures or by delegations of the States shall be at once referred to committee. Those introduced by Representatives or Senators shall be subject to the rules of procedure.

Article 72. Bills, action on which shall not pertain exclusively to one of the Houses, shall be discussed first by one and then by the other, according to the rules of procedure as to the form, time of presentation and other details relative to discussions and votes.

(a) After a bill has been approved in the House where it originated it shall be sent to the other House for consideration. If passed by the latter it shall be transmitted to the President who, if he has no observations to make thereto, shall immediately promulgate it.

(b) Bills not returned by the Executive within ten working days with his observations to the House in which they originated, shall be considered approved, unless during the said ten days the Congress shall have adjourned or suspended its sessions, in which event they shall be returned on the first working day after the Congress shall have reconvened.

(c) Bills rejected in whole or in part by the Executive shall be returned with his observations to the House where they originated. They shall be discussed anew by this House and if confirmed by a two-thirds majority vote of the total membership shall be sent to the other House for reconsideration. If approved by it, also by the same majority vote, the bill shall become law and shall be returned to the Executive for promulgation.

The voting in both Houses shall be by yeas and nays.

(d) Bills totally rejected by the House not originating them shall be returned with the proper observations to the House of origin. If examined anew and approved by a majority of the members present, they shall be returned to the House rejecting them, which shall once again take them under consideration, and if approved by it, likewise by the same majority vote, they shall be sent to the Executive for the purposes of Clause (a); but if the said House fail to approve them, they shall not be reintroduced in the same session.

(e) Bills rejected in part or modified or amended by the House of revision shall be discussed anew in the House of origin, but the discussion shall be confined to the portion rejected or to the amendments or additions, without the approved articles being altered in any respect. If the additions or amendments made by the House of revision be approved by a majority vote of the members present in the House of origin, the bill shall be transmitted to the Executive for the purposes of Clause (a); but if the amendments or additions by the House of revision be rejected by a majority vote of the House of origin they shall be returned to the former House in order that the reasons set forth by the latter may be taken into consideration.

(f) The same formalities as are required for the enactment of laws shall be observed for their interpretation, amendment or repeal.

(g) No bill rejected in the House of origin before passing to the other House shall be reintroduced during the session of that year.

(h) Legislative measures may be originated in either House, excepting bill-dealing with loans, taxes or impost, or with the raising of troops which must have their origin in the House of Representatives.

(i) Whenever a bill shall be presented to one House it shall be first discussed there unless one month shall have elapsed since it was referred to committee and not reported, in which event an identical bill may be presented and discussed in the other House.

(j) The President shall not make any observations touching the resolutions of the Congress or of either House when acting as an electoral body or as a grand jury, nor when the House of Representatives shall declare that there are grounds to impeach any high federal authority for official offences.

Nor shall he make any observations touching the order for a call issued by the Permanent Committee as provided in Article 84.

SECTION III

Powers of the Congress

Article 73. The Congress shall have power:

I. To admit new States or Territories into the Federal Union.

II. To grant statehood to Territories which have a population of eighty thousand inhabitants and the necessary means to provide for their political existence.

III. To form new States within the boundaries of existing ones, provided the following requisites are complied with:

1. That the section or sections aspiring to statehood have a population of one hundred and twenty thousand inhabitants at least;

2. That proof be given to the Congress that it has sufficient means to provide for its political existence;

3. That the Legislatures of the States affected be heard as to the advisability or inadvisability of granting such statehood, which opinion shall be given within six months reckoned from the day on which the respective communication is forwarded;

4. That the opinion of the Executive of the Federal Government be also heard on the subject; this opinion shall be given within seven days after the date on which it was requested.

5. That the creation of the new State be voted upon favorably by two-thirds of the Representatives and Senators present in their respective Houses.

6. That the resolution of the Congress be ratified by a majority of the State Legislatures, upon examination of a copy of the record of the case, provided that the Legislatures of the States to which the section belongs shall have given their consent.

7. That the ratification referred to in the foregoing clause be given by two-thirds of the Legislatures of the other States, if the Legislatures of the States to which the section belongs have not given their consent.

IV. To settle finally the limits of the States, terminating the differences which may arise between them relative to the demarcation of their respective territories, except when the differences be of a litigious nature.

V. To change the residence of the Supreme Powers of the Federation.

VI. To legislate in all matters relating to the Federal District and the Territories, as hereinafter provided:

1. The Federal District and the Territories shall be divided into municipalities, each of which shall have the area and population sufficient for its own support and for its contribution toward the common expenses.

2. Each municipality shall be governed by a town council elected by direct vote of the people.

3. The Federal District and each of the Territories shall be administered by governors under the direct orders of the President of the Republic. The Governor of the Federal District shall concert with the President, and the Governor of each Territory shall concert with the President through the duly constituted channels. The Government of the Federal District and the Governor of each Territory shall be appointed by the President and may be removed by him at will.

4. The Superior Judges and those of First Instance of the Federal District as well as of the Territories shall be named by the Congress, acting in each case as an electoral college.

In the temporary or permanent absences of the said Superior Judges these shall be replaced by appointment of the Congress of the Union, and in recess by temporary appointments of the Permanent Committee. The organic law shall determine the manner of filling temporary vacancies in the case of judges, and shall designate the authority before whom they shall be called to account for any dereliction, excepting the provisions of this Constitution with regard to the responsibility of officials.

From and after the year 1923 the Superior Judges and those of First Instance to which this clause refers may only be removed from office for bad conduct and after impeachment, unless they shall have been promoted to the next higher grade. From and after the said date the compensation enjoyed by said officials shall not be diminished during their term of office.

5. The office of the Public Attorney [Ministerio Publico] of the Federal District and of the Territories, shall be in charge of an Attorney General, who shall reside in the City of Mexico and of such Public Attorney or Attorneys as the law may determine; the said Attorney General shall be under the direct orders of the President of the Republic, who shall appoint and remove him at will.

VII. To lay the taxes necessary to meet the expenditures of the budget.

VIII. To establish the bases upon which the Executive may make loans on the credit of the nation; to approve the said loans and to acknowledge and order the payment of the national debt.

IX. To enact tariff laws on foreign commerce and to prevent restrictions from being imposed on interstate commerce.

X. To legislate for the entire Republic in all matters relating to mining, commerce and institutions of credit, and to establish the sole bank of issue, as provided in Article 28 of this Constitution.

XI. To create or abolish Federal offices, and to fix, increase or decrease the compensations assigned thereto.

XII. To declare war, upon examination of the facts submitted by the Executive.

XIII. To regulate the manner in which letters of marque may be issued; to enact laws according to which prizes on sea and land shall be adjudged valid or invalid; and to frame the admiralty law for times of peace and war.

XIV. To raise and maintain the army and navy of the Union, and to regulate their organization and service.

XV. To make rules for the organization and discipline of the National Guard, reserving for the citizens who compose it the right of appointing their respective commanders and officers, and to the States the power of instructing it in conformity with the discipline prescribed by the said regulations.

XVI. To enact laws on citizenship, naturalization, colonization, emigration, immigration and public health of the Republic.

1. The Public Health Service shall depend directly upon the President of the Republic, without the intervention of any executive department, and its general provisions shall be binding throughout the Republic.

2. In the event of epidemics of a grave or dangerous nature, of the invasion of diseases from abroad, the Public Health Service shall put into force without delay the necessary preventive measures, subject to their subsequent sanction by the President of the Republic.

3. The sanitary authorities shall have executive faculties and their determinations shall be obeyed by the administrative authorities of the country.

4. All measures which the Public Health Service shall have put into effect in its campaign against alcoholism and the sale of substances injurious to man and tending to degenerate the race shall be subsequently revised by the Congress, in such cases as fall within the jurisdiction of the latter.

XVII. To enact laws on general means of communication, post roads and post offices and to enact laws as to the use and development of the waters subject to the Federal jurisdiction.

XVIII. To establish mints, regulate the value and kinds of the national coin, fix the value of foreign moneys, and adopt a general system of weights and measures.

XIX. To make rules for the occupation and alienation of public lands and the prices thereof.

XX. To enact laws as to the organization of the diplomatic and consular services.

XXI. To define the crimes and offenses against the Nation and to fix the penalties therefor.

XXII. To grant pardons for offenses subject to Federal jurisdiction.

XXIII. To make rules for its internal government and to enact the necessary provisions to compel the attendance of absent Representatives and Senators and to punish the acts of commission or omission of those present.

XXIV. To issue the organic law of the office of the Comptroller of the Treasury.

XXV. To sit as an electoral college and to name the Justices of the Supreme Court, and the Superior and Inferior Judges of the Federal District and Territories.

XXVI. To accept the resignation of the Justices of the Supreme Court and of the Superior and Inferior Judges of the Federal District and Territories, and to name substitutes in their absence and to appoint their successors.

XXVII. To establish professional schools of scientific research and fine arts, vocational, agricultural and trade schools, museums, libraries, observatories and other institutes of higher learning, until such time as these establishments can be supported by private funds. These powers shall not pertain exclusively to the Federal Government.

All degrees conferred by any of the above institutions shall be valid throughout the Republic.

XXVIII. To sit as an electoral college and to choose the person to assume the office of President of the Republic, either as a substitute President or as a President *ad interim* in the terms established by Articles 84 and 85 of this Constitution.

XXIX. To accept the resignation of the President of the Republic.

XXX. To audit the accounts which shall be submitted annually by the Executive; this audit shall comprise not only the checking of the items disbursed under the budget but the exactness of and authorization for the expenditures in each case.

XXXI. To make all laws necessary for carrying into execution the foregoing powers and all other powers vested by this Constitution in the several branches of the Government.

Article 74. The House of Representatives shall have the following exclusive powers:

I. To sit as an electoral college to exercise the powers conferred by law as to the election of the President.

II. To watch by means of a committee appointed from among its own members over the faithful performance by the Comptroller of the Treasury in the discharge of his duties.

III. To appoint all the higher officers and other employees of the office of the Comptroller of the Treasury.

IV. To approve the annual budget, after a discussion as to what taxes must in its judgment be laid to meet the necessary expenditures.

V. To take cognizance of all charges brought against public officials, as herein provided, for official offenses, and should the circumstances so warrant to impeach them before the Senate; and further to act as a grand jury to decide whether there is or is not good ground for proceeding against any official enjoying constitutional privileges, whenever accused of offenses of the common order.

VI. To exercise such other powers as may be expressly vested in it by this Constitution.

Article 75. The House of Representatives, in passing the budget, shall not fail to assign a definite compensation to every office created by law, and if for any reason such compensation shall not be assigned, the amount fixed in the preceding budget or in the law creating the office shall be presumed to be assigned.

Article 76. The Senate shall have the following exclusive powers:

I. To approve the treaties and diplomatic conventions concluded by the Executive with foreign Powers.

II. To confirm the nominations made by the President of diplomatic ministers or agents, consuls general, higher officials of the treasury, colonels and other superior officers of the army and navy, in the manner and form by law provided.

III. To authorize the Executive to allow national troops to go beyond the limits of the Republic, or to permit foreign troops to pass through the national territory, and to consent to the presence of fleets of another nation for more than one month in Mexican waters.

IV. To consent to the Executive disposing of the national guard outside of the limits of their respective States or Territories, and to fix the amount of the force to be used.

V. To declare, when all the constitutional powers of any State have disappeared, that the occasion has arisen to give to the said State a provisional governor, who shall call for elections to be held according to the Constitution and laws of the said State. The appointment of such a governor shall be made by the Senate with the approval of two-thirds of its members present or during recess by the Permanent Committee by the same two-thirds majority, from among three names submitted by the President. The official thus selected shall not be chosen constitutional governor in the elections to be held under the call which he shall issue. This provision shall govern whenever the State Constitutions do not provide for the contingency.

VI. To sit as a grand jury to take cognizance of such official offenses of functionaries as are expressly prescribed by this Constitution.

VII. To exercise such other powers as may be expressly vested in it by this Constitution.

VIII. To adjust all political questions arising between the powers of a State whenever one of them shall appeal to the Senate or whenever by virtue of such differences a clash of arms has arisen to interrupt the constitutional order. In this event the Senate shall decide in accordance with the Federal Constitution and the Constitution of the State involved.

The exercise of this power and of the foregoing shall be regulated by law.

Article 77. Each house may, without the intervention of the other:

* I. Pass resolutions upon matters exclusively relating to its own interior government.

II. Communicate with the other House, and with the Executive through committees appointed from among its members.

III. Appoint the employees in the office of its secretary, and make all rules and regulations for the said office.

IV. Issue a call for extraordinary elections to fill any vacancies which may occur in its membership.

SECTION IV

Permanent Committee

Article 78. During the recess of the Congress there shall be a Permanent Committee consisting of twenty-nine members, fifteen of whom shall be Representatives and fourteen Senators, appointed by the respective Houses on the eve of the day of adjournment.

Article 79. In addition to the powers expressly vested in it by this Constitution, the Permanent Committee shall have the following powers:

I. To give its consent to the use of the national guard as provided in Article 76, Clause IV.

II. To administer the oath of office, should the occasion arise, to the President, to the Justices of the Supreme Court, to the Superior Judges of the Federal District and Territories, on such occasions as the latter officials may happen to be in the City of Mexico.

III. To report on all pending matters, so that they may be considered in the next session.

IV. To call extraordinary sessions in the case of official offenses or offenses of the common order committed by Secretaries of Executive Departments or Justices of the Supreme Court, and official offenses committed by State Governors, provided the case shall have been already instituted by the Committee of the Grand Jury, in which event no other business of the Congress shall be considered, nor shall the sessions be prolonged beyond the time necessary for a decision.

CHAPTER III

The Executive Power

Article 80. The exercise of the Supreme Executive Power of the Union is vested in a single individual, who shall be called President of the United Mexican States.

Article 81. The election of President shall be direct, in accordance with the terms of the electoral law.

Article 82. The President of the Republic shall have the following qualifications:

I. He shall be a Mexican citizen by birth, in the full enjoyment of his rights, and he must be the son of Mexican parents by birth.

II. He shall be over thirty-five years of age at the time of election.

III. He shall have resided in the country during the entire year prior to the election.

IV. He shall not belong to the ecclesiastical state nor be a minister of any religious creed.

V. In the event of belonging to the army, he shall have retired from active service 90 days immediately prior to the election.

VI. He shall not be a Secretary or Assistant Secretary of any Executive Department, unless he shall have resigned from office 90 days prior to the election.

VII. He shall not have taken part, directly or indirectly, in any uprising, riot or military coup.

Article 83. The President shall enter upon the duties of his office on the first day of December, shall serve four years and shall never be reelected.

The citizen who shall replace the constitutional President in the event of his permanent disability shall not be elected President for the ensuing term.

Nor shall the person designated as Acting President during the temporary disabilities of the constitutional President be reelected President for the ensuing term.

Article 84. In the event of the permanent disability of the President of the Republic, if this shall occur within the first two years of the respective term, the Congress, if in session, shall forthwith act as an electoral college, and with the attendance of at least two-thirds of its total membership shall choose a President by secret ballot and by a majority vote; and the same Congress shall issue the call for presidential elections and shall endeavor to have the date set

for this event as far as possible coincide with the date of the next election of Representatives and Senators to Congress.

Should the disability of the President occur while Congress is in recess, the Permanent Committee shall forthwith designate a President *ad interim* who shall call Congress together in extraordinary session, in order that it may in turn issue the call for Presidential elections in the manner provided in the foregoing paragraph.

Should the disability of the President occur in the last two years of the respective term, the Congress, if in session, shall choose the substitute to conclude the period of the presidential term; if Congress shall not be in session the Permanent Committee shall choose a President *ad interim* and shall summon Congress in extraordinary session, in order that it may act as an electoral college and proceed to the election of the substitute President.

The President *ad interim* may be chosen by Congress as substitute President.

The citizen designated as President *ad interim* for the purpose of calling elections, in the event of the disability of the President within the two first years of the respective term, shall not be chosen in the elections held to fill such vacancy and for which he was designated.

Article 85. If the President-elect shall fail to present himself at the beginning of any constitutional term, or the election not have been held and the result made known by the first of December, the outgoing President shall nevertheless vacate office and the President *ad interim* chosen by the Congress, or in its recess by the Permanent Committee, shall forthwith assume the Executive Power. All action taken hereunder shall be governed by the provisions of the foregoing article.

In case of a temporary disability of the President, the Congress, or the Permanent Committee if the Congress shall not be in session, shall designate an Acting President during such disability. If a temporary disability shall become permanent, the action prescribed in the preceding article shall be taken.

In the event of a leave of absence granted to the President of the Republic the person acting in his stead shall not be disqualified from being elected in the ensuing period, provided he shall not have been in office during the holding of elections.

Article 86. The President shall not resign office except for grave cause, upon which the Congress shall pass, to which body the resignation shall be tendered.

Article 87. The President, before entering upon the discharge of the duties of his office, shall make the following affirmation before the Congress, or in its recess before the Permanent Committee:

"I do solemnly affirm that I will defend and enforce the Constitution of the United Mexican States and the laws arising thereunder and that I will faithfully and conscientiously perform the duties of President of the United Mexican States, to which I have been chosen by the people, having ever in mind the welfare and prosperity of the Nation; if I shall fail to do so, may the Nation call me to account."

Article 88. The President shall not absent himself from the national territory without the permission of the Congress.

Article 89. The President shall have the following powers and duties:

I. To promulgate and execute the laws enacted by the Congress, providing, within the executive sphere, for their faithful observance.

II. To appoint and remove at will the Secretaries of Executive Departments, the Attorney General of the Republic, the Governor of the Federal District, the Governors of Territories, the Attorney General of the Federal District and Territories; and to appoint and remove at will all other Federal employees whose appointment or removal is not otherwise provided for by law or in this Constitution.

III. To appoint, with the approval of the Senate, all ministers, diplomatic agents and consuls general.

IV. To appoint, with the approval of the Senate, the colonels and other superior officers of the army and navy and the superior officials of the treasury.

V. To appoint all other officers of the national army and navy, as by law provided.

VI. To dispose of the permanent land and sea forces for the domestic safety and foreign defense of the Union.

VII. To dispose of the national guard for the same purposes, as provided by Article 76, Clause IV.

VIII. To declare war in the name of the United Mexican States, after the passage of the corresponding resolution by the Congress of the Union.

IX. To grant letters of marque, upon the terms and conditions fixed by the Congress.

X. To conduct diplomatic negotiations and to make treaties with foreign powers, submitting them for ratification to the Congress.

XI. To call Congress, or either of the Houses, in extraordinary session, whenever in his judgment it may be advisable.

XII. To afford the judiciary the assistance necessary for the expeditious exercise of its functions.

XIII. To open all kinds of ports, establish maritime and frontier custom-houses and designate their location.

XIV. To grant, according to law, pardons to criminals sentenced for offenses within the jurisdiction of the Federal tribunals, and to all persons sentenced for offenses of the common order in the Federal District and Territories.

XV. To grant exclusive privileges for a limited time, and according to the respective laws, to discoverers, inventors or improvers in any branch of industry.

XVI. Whenever the Senate shall not be in session the President may temporarily make the nominations enumerated in Clauses III and IV hereof, but these nominations shall be submitted to the Senate so soon as it reconvenes.

XVII. To exercise such other rights and duties as are expressly conferred upon him by this Constitution.

Article 90. For the transaction of administrative matters of the Federal Government there shall be the number of Secretaries of Executive Departments which the Congress may by law establish, which law shall likewise assign among the various Departments the several matters with which each shall be charged.

Article 91. No person shall be appointed Secretary of an Executive Department who is not a Mexican citizen by birth, in the enjoyment of his rights and who has not attained the age of thirty years.

Article 92. All regulations, decrees and orders of the President shall be signed by the Secretary of the Executive Department to which the matter pertains. They shall not be binding without this requisite. All regulations, decrees and orders of the President touching the government of the Federal District and the administrative departments shall be transmitted directly by the President to the Governor of the District and to the chief of the respective department.

Article 93. The Secretaries of Executive Departments shall on the opening of each regular session report to the Congress as to the state of their respective Departments. Either House may summon a Secretary of an Executive Department to inform it, whenever a bill or other matter pertaining to his department is under discussion or consideration.

CHAPTER IV

The Judicial Power

Article 94. The judicial power of the Federation is vested in a Supreme Court and in Circuit and District Courts, whose number and powers shall be fixed by law. The Supreme Court of Justice of the Nation shall consist of eleven members; its sittings shall be *in banc* and its hearings shall be public, except in the cases where public interest or morality shall otherwise require. It shall meet at such times and under such conditions as by law prescribed. No sittings of the court shall be held without the attendance of at least two-thirds of its total membership, and all decisions rendered shall be by a majority vote.

The Justices of the Supreme Court chosen to this office in the forthcoming elections shall serve two years; those elected at the conclusion of this first term shall serve four years, and from and after the year 1923 the Justices of the Supreme Court, the Circuit and District judges may only be removed for malfeasance and after impeachment proceedings, unless the Circuit and District judges be promoted to the next higher grade.

The same provision shall govern, in so far as it be applicable to the terms of two and four years, respectively, to which this article refers.

Article 95. The Justices of the Supreme Court shall have the following qualifications:

I. They shall be Mexican citizens by birth, in the full enjoyment of their civil and political rights.

II. They shall be over thirty-five years of age at the time of election.

III. They shall be graduates in law of some institution or corporation authorized by law to confer such degrees.

IV. They shall be of good repute and not have been convicted of any offense punishable with more than one year's imprisonment; but conviction of larceny, fraud, forgery, embezzlement or any other offense seriously impairing their good name in the public mind shall disqualify them for office, whatever may have been the penalty imposed.

V. They shall have resided in the country for the last five years, except in the case of absence due to public service abroad for a period not exceeding six months.

Article 96. The members of the Supreme Court of Justice of the nation shall be chosen by the Congress, acting as an electoral college; the presence of at least two-thirds of the total number of Representatives and Senators shall be necessary for such action. The election shall be by secret ballot and by a majority vote, and shall be held as among the candidates previously proposed, one being nominated by each State Legislature, as provided in the respective State laws.

Should no candidate receive a majority on the first ballot, the balloting shall be repeated between the two candidates receiving the highest number of votes.

Article 97. All Circuit and District Judges shall be appointed by the Supreme Court of Justice of the Nation; they shall have such qualifications as by law required, shall serve four years and shall not be removed except by impeachment proceedings or for incapacity to discharge their duties, in accordance with the law.

The Supreme Court of Justice may remove the District Judges from one District to another, or it may fix their seats in another locality, as it may deem most advantageous to the public business. A similar procedure shall be observed in the case of Circuit Judges.

The Supreme Court of Justice of the Nation may likewise appoint auxiliary Circuit and District Judges to assist in the labors of such courts as have an excessive amount of business, in order that the administration of justice may be speedy; it shall also name one or more of its members or some District or Circuit Judge or shall designate one or more special commissioners, whenever it shall deem it advisable or on the request of the President or of either House or of any State Governor, solely for the purpose of inquiring into the behavior of any judge or federal justice or into any fact or facts which amount to a violation of any individual rights or to the subversion of the popular will or any other offense punishable by Federal statute.

The Circuit and District Courts shall be assigned among the several Justices of Supreme Court who shall visit them periodically, shall observe the conduct of their judges, listen to any complaint presented against them and perform all such other acts as the law may require. The Supreme Court shall appoint and remove at will its clerk of the court and other employees on the roster established by law. The Circuit and District Judges shall likewise appoint and remove at will their respective clerks and employees.

The Supreme Court shall choose each year one of its members to act as Chief Justice, with the right of re-election.

Each Justice of the Supreme Court on assuming office shall make an affirmation before Congress, or if this is in recess, before the Permanent Committee, as follows:

The Presiding Officer shall say: "Do you promise to perform faithfully and conscientiously the duties of justice of the Supreme Court of the Nation with which you have been charged, and to defend and enforce the Constitution of the United Mexican States and the laws arising thereunder, having ever in mind the welfare and prosperity of the Nation?" To which the Justice shall reply, "I do." On which the Presiding Officer shall answer: "If you fail to do so, may the Nation call you to account."

The Circuit and District Judges shall make the affirmation of office before the Supreme Court or before such other authority as law may determine.

Article 98. No temporary disability of a Justice of the Supreme Court of the Nation not exceeding one month shall be filled, provided there be otherwise a quorum. In the absence of a quorum the Congress, or in its recess the Permanent Committee, shall name a substitute selected from among the candidates submitted by the States for the election of the justice in question and not chosen, to serve during such disability. If the disability does not exceed two months, the Congress, or during its recess the Permanent Committee, shall choose at will a temporary justice.

In the event of the death, resignation or disqualification of any Justice of the Supreme Court, a new election shall be held by the Congress to fill this vacancy as provided in Article 96.

If the Congress shall not be in session, the Permanent Committee shall make a temporary appointment until such time as the Congress shall convene and proceed to the corresponding election.

Article 99. The resignation of a Justice of the Supreme Court of the Nation shall only be accepted for grave cause, approved by the Congress, to whom the resignation shall be tendered. In the recesses of the Congress the power to act on this matter belongs to the Permanent Committee.

Article 100. The Supreme Court shall grant all leaves of absence of its members, when they do not exceed one month; such as do exceed this period shall be granted by the House of Representatives, or during its recess by the Permanent Committee.

Article 101. No Justice of the Supreme Court, circuit or district judge, nor clerk of any of these courts shall under any circumstances accept any State, Federal or private commission or office, excepting honorary titles from scientific, literary or charitable associations. The violation of this provision shall work a forfeiture of office.

Article 102. The office of the Public Attorney shall be organized in accordance with the law, and its officers shall be appointed and removed at will by the Executive. They shall be under the direction of an Attorney General who shall possess the same qualifications as are required for the office of Justice of the Supreme Court.

The Public Attorneys shall be charged with the judicial prosecution of all Federal offenses; they shall accordingly sue out all orders of arrest, assemble and offer all evidence as to the responsibility of the accused, see that the trials are conducted in due order so that the administration of justice may be speedy, pray the imposition of sentence, and in general take part in all matters required by law.

The Attorney General of the Republic shall personally intervene in matters to which the Federal Government is a party, in cases affecting ministers, diplomatic agents and consuls general, and in all controversies between two or more States of the Union, between the Federal Government and a State or between the several Powers of a State. The Attorney General may either personally or through one of the Public Attorneys take part in all other cases in which the Public Attorneys are called upon to act.

The Attorney General shall be the legal advisor of the Government, and both he and the Public Attorneys under his orders shall faithfully obey the law and shall be liable for all breaches or for any violations which they may incur in the discharge of their duties.

Article 103. The Federal tribunals shall take cognizance of:

I. All controversies arising out of laws or acts of the authorities which shall infringe any personal guaranties.

II. All controversies arising out of laws or acts of the Federal authorities which limit or encroach upon the sovereignty of the States.

III. All controversies arising out of laws or acts of the State authorities which invade the sphere of the Federal authorities.

Article 104. The Federal Tribunals shall have jurisdiction over:

I. All controversies of a civil or criminal nature arising out of the application and enforcement of the Federal laws, or out of treaties concluded with foreign Powers. Whenever such controversies affect only private rights, the regular local courts of the States, the Federal District and Territories shall, at the election of the plaintiff, assume jurisdiction. Appeal may be had from all judgments of first instance to the next higher tribunal of the same court in which the case was first heard. Appeal may be taken from sentences of second instance to the Supreme Court of Justice, which appeal shall be prepared, submitted and prosecuted, in accordance with the procedure provided by law.

II. All cases pertaining to admiralty law.

III. All cases to which the Federation may be a party.

IV. All cases arising between two or more States, or between any State and the Federal Government, as well as those arising between the Courts of the Federal District and those of the Federal Government or of a State.

V. All cases arising between a State and one or more citizens of another State.

VI. All cases concerning diplomatic agents and consuls.

Article 105. The Supreme Court of Justice shall have exclusive jurisdiction in all controversies arising between two or more States, between the powers of government of any State as to the constitutionality of their acts, or between one or more States and the Federal Government, and in all cases to which the Federal Government may be a party.

Article 106. The Supreme Court of Justice of the Nation shall likewise have exclusive jurisdiction to determine all questions of jurisdiction between the Federal tribunals, between these and those of the States, or between those of one State and those of another.

Article 107. All controversies mentioned in Article 103 shall be prosecuted by the injured party in accordance with the judicial forms and procedure which the law shall establish, subject to the following conditions:

I. The judgment shall always be so drawn as to affect exclusively private individuals, and shall confine itself to affording them redress in the special case to which the complaint refers; but it shall make no general statement as to the law or the act that may have formed the basis for the complaint.

II. In civil or penal suits, excepting those mentioned in Clause IX hereof, the writ of *amparo* shall issue only against final judgments when no other ordinary recourse is available by which these judgments may be modified or amended, if the violation of the law shall have occurred in the judgment, or if, although committed during the course of the trial, objection was duly noted and protest entered against the denial of reparation, and provided further that if committed in first instance it shall have been invoked in second instance as a violation of the law.

Notwithstanding the foregoing provision, the Supreme Court may in penal cases waive any defects in the petition when there has been a manifest violation of the law which has left the petitioner without recourse, or when he has been tried by a law not strictly applicable to the case, provided failure to take advantage of this violation has been merely an oversight.

III. In civil or penal suits the writ of *amparo* shall issue only if substantial portions of the rules of procedure have been violated, and provided further that the said violation shall deprive the petitioner of means of defense.

IV. In addition to the case mentioned in the foregoing paragraph, the writ of *amparo* shall issue only on a final judgment in a civil suit—provided the requirements set forth in Clause II hereof have been complied with—when the judgment shall be contrary to the letter of the law applicable to the case or contrary to its legal interpretation, when it includes persons, actions, defenses or things which have not been the object of the suit, or finally when all these have not been included either through omission or express refusal.

When the writ of *amparo* is sought against mesne judgments, in accordance with the provisions of the foregoing clause, these rules shall be observed, as far as applicable.

V. In penal suits, the authorities responsible for the violation shall stay the execution of final judgment against which the writ of *amparo* has been sought; for this purpose the petitioner shall, within the period set by law, give notice, under oath, to the said authorities of the interposition of this recourse, accompanying it with two copies of the petition, one of which shall be delivered to the opposing party and the other filed.

VI. The execution of a final judgment in civil suits shall only be stayed when the petitioner shall give bond to cover damages occasioned thereby, unless the other party shall give a counter bond (1) to guarantee that the normal conditions and relations previously existing be restored, and (2) to pay the corresponding damages, in the event of the granting of the *amparo*. In such event the interposition of the recourse *amparo* shall be communicated as provided in the foregoing clause.

VII. If a writ of *amparo* be sought against a final judgment, a certified copy of such portions of the record as the petitioner may desire shall be requested from the authority responsible for the violation; to this there shall be added such portions as the other party may desire and a clear and succinct statement by the said authority of the justification of the act protested; note shall be made of this on the record.

VIII. When a writ of *amparo* is sought against a final judgment, the petition shall be brought before the Supreme Court; this petition, together with the copy required by Clause VII, shall be either presented to the Supreme Court or sent through the authority responsible for the violation or through the District Court of the corresponding State. The Supreme Court shall render judgment without any other formality or procedure than the petition, the document presented by the other party and that of the Attorney General or the Public Attorney he may name in his stead, and shall comprise no other legal question than that contained in the complaint.

IX. When the acts of an authority other than the judicial are involved or the acts of the judiciary exercised outside of the suit or after the termination thereof, or acts committed during the suit whose execution is of impossible reparation, or

which affect persons not parties to the suit, the writ of *amparo* shall be sought before the District Court within whose jurisdiction is located the place where the act protested was committed or attempted; the procedure in this case shall be confined to the report of the authority and to a hearing, the call for which shall be issued in the same order of the court as that calling for the report. This hearing shall be held at as early a date as possible, the testimony of both parties offered, arguments heard which shall not exceed one hour for each side, and finally the judgment which shall be pronounced at the same hearing. The judgment of the District Court shall be final, if the interested parties do not appeal to the Supreme Court within the period set by law and in the manner prescribed by Clause VIII.

In case of a violation of the guaranties of Articles 16, 19 and 20, recourse shall be had through the appellate court of the court committing the breach or to the corresponding District Court. An appeal against the decision of any of these courts may be taken to the Supreme Court.

If the District Judge shall not reside in the same locality as the official guilty of the violation, the judge before whom the petition of *amparo* shall be submitted shall be determined by law; this judge shall be authorized to suspend temporarily the execution of the act protested, in accordance with the terms established by law.

X. Any official failing to suspend the execution of the act protested, when in duty bound to do so, or when he admits an insufficient or improper bond, shall be turned over to the proper authorities; the civil and penal liability of the official shall in these cases be a joint liability with the person offering the bond and his surety.

XI. If after the granting of an *amparo*, the guilty official shall persist in the act or acts against which the petition of *amparo* was filed, or shall seek to render of no effect the judgment of the Federal authority, he shall be forthwith removed from office and turned over for trial to the corresponding District Court.

XII. Wardens and jailers who fail to receive a duly certified copy of the formal order of commitment within the seventy-two hours granted by Article 19, reckoned from the time the accused is placed at the disposal of the court, shall bring this fact to the attention of the court, immediately upon expiration of this period; and if the proper order be not received within the next three hours the accused shall be set at liberty.

Any official who shall violate this provision and the article referred to in the foregoing paragraph shall be immediately turned over to the proper authorities. Any official or agent thereof who, after an arrest has been made, shall fail to place the accused at the disposition of the court within the next twenty-four hours shall himself be turned over to the proper authority.

If the detention be effected outside the locality in which the court is situated, there shall be added to the period mentioned in the preceding sentence the time necessary to travel from the said locality to that where the detention took place

TITLE IV

Responsibility of Officials

Article 108. Senators and Representatives of Congress, Justices of the Supreme Court, Secretaries of Executive Departments and the Attorney General of the Republic shall be liable for all common offenses committed during their term of office, as well as for all official offenses or acts of commission or omission which they may incur in the discharge of their duties.

Governors of States and members of State Legislatures shall be liable for violation of the Constitution and the Federal laws.

The President of the Republic may only be impeached during his term of office for high treason and common offenses of a serious character.

Article 109. If the offense belongs to the common order the House of Representatives, acting as a grand jury, shall determine by a majority vote of its total membership whether there is or is not any ground for proceeding against the accused.

If the finding be favorable to the accused, no further action shall be taken; but such finding shall not be a bar to the prosecution of the charge so soon as the constitutional privilege shall cease, since the finding of the House does not in any way determine the merits of the charge.

If the finding be adverse, the accused shall *ipso facto* be removed from office and be placed at the disposition of the ordinary courts of justice, except in the case of the President of the Republic, who may only be impeached before the Senate, as in the case of an official offense.

Article 110. No constitutional privilege shall be extended to any high Federal functionary when tried for official offenses, misdemeanors or omissions committed by him in the discharge of any public function or commission, during the time in which, according to law, the privilege is enjoyed. This provision shall be applicable to cases of common offenses committed under the same circumstances. In order that the proceedings may be instituted when the functionary returns to the exercise of his own functions, the rules set forth in Article 104 of the Constitution shall be observed.

Article 111. The Senate acting as a grand jury shall try all cases of impeachment; but it may not institute such proceedings without a previous accusation brought by the House of Representatives.

If the Senate should, after hearing the accused and conducting such proceedings as it may deem advisable, determine by a majority vote of two-thirds of its total membership that the accused is guilty, the latter shall be forthwith removed from office by virtue of such decision, or be disqualified from holding any other office for such time as the law may determine.

When the same offense is punishable with an additional penalty, the accused shall be placed at the disposition of the regular authorities who shall judge and sentence him in accordance with the law.

In all cases embraced by this article and in those included by the preceding both the decisions of the Grand Jury and the findings of the House of Representatives shall be final.

Any person shall have the right to denounce before the House of Representatives offenses of a common order or of an official character committed by high Federal functionaries; and whenever the said House of Representatives shall determine that there exist good grounds for impeachment proceedings before the Senate, it shall name a committee from among its own members to sustain the charges brought.

The Congress shall as soon as possible enact a law as to the responsibility of all Federal officials and employees which shall fix as official offenses all acts of commission or omission which may prejudice the public interest and efficient administration, even though such acts may not heretofore have been considered offenses. These officials shall be tried by a jury in the same manner as provided for trials by jury in Article 20.

Article 112. No pardon shall be granted the offender in cases of impeachment.

Article 113. The responsibility for official breaches and offenses may only be enforced during such time as the functionary shall remain in office and for one year thereafter.

Article 114. In civil cases no privilege or immunity in favor of any public functionary shall be recognized.

TITLE V

The States of the Federation

Article 115. The States shall adopt for their internal government the popular representative, republican form of government; they shall have as the basis of their territorial division and political and administrative organization the free municipality, in accordance with the following provisions:

I. Each municipality shall be administered by a town council chosen by direct vote of the people, and no authority shall intervene between the municipality and the State Government.

II. The municipalities shall freely administer their own revenues which shall be derived from the taxes fixed by the State Legislatures which shall at all times be sufficient to meet their needs.

III. The municipalities shall be regarded as enjoying corporate existence for all legal purposes.

The Federal Executive and the State Governors shall have command over all public forces of the municipalities wherein they may permanently or temporarily reside.

Constitutional State Governors shall not be re-elected, nor shall their term of office exceed four years.

The prohibitions of Article 83 are applicable to substitute or *ad interim* governors.

The number of Representatives in the State Legislatures shall be in proportion to the inhabitants of each State, but in no case shall the number of representatives in any State Legislature be less than fifteen.

Each electoral district of the States shall choose a Representative and an alternate to the State Legislature.

Every State Governor shall be a Mexican citizen by birth and a native thereof, or resident therein not less than five years immediately prior to the day of election.

Article 116. The States shall have power to fix among themselves, by friendly agreements, their respective boundaries; but these agreements shall not be carried into effect without the approval of the Congress.

Article 117. No State shall—

I. Enter into alliances, treaties or coalitions with another State or with foreign Powers.

II. Grant letters of marque or reprisal.

III. Coin money, issue paper money, stamps or stamped paper.

IV. Levy taxes on persons or property passing through its territory.

V. Prohibit or tax, directly or indirectly, the entry into its territory, or the withdrawal therefrom, of any merchandise, foreign or domestic.

VI. Burden the circulation or consumption of domestic or foreign merchandise with taxes or duties to be collected by local custom houses or subject to inspection the said merchandise or require it to be accompanied by documents.

VII. Enact or maintain in force laws or fiscal regulations discriminating, by taxation or otherwise, between merchandise, foreign or domestic, on account of its origin, whether this discrimination be established with regard to similar local products or to similar products of foreign origin.

VIII. Issue bonds of the public debt payable in foreign coin or outside the Federal territory; contract loans, directly or indirectly, with any foreign government, or assume any obligation in favor of any foreign corporation or individual, requiring the issuance of certificates or bonds payable to bearer or negotiable by endorsement.

The Federal Congress and the State Legislatures shall forthwith enact laws against alcoholism.

Article 118. No State shall, without the consent of the Congress:

I. Establish tonnage dues or other port charges, or impose taxes or other duties upon imports or exports.

II. Keep at any time permanent troops or vessels of war.

Article 119. Every State shall be bound to deliver without delay to the demanding authorities the fugitives from justice from other States or from foreign nations.

In such cases the writ of the court granting the extradition shall operate as a sufficient warrant for the detention of the accused for one month, in case of extradition from one State to another, and for two months in the case of international extradition.

Article 120. The State Governors are bound to publish and enforce the Federal laws.

Article 121. Full faith and credit shall be given in each State of the Federation to the public acts, records and judicial proceedings of all the other States. The Congress shall by general laws prescribe the manner of proving the said acts, records and proceedings and the effect thereof.

I. The laws of a State shall only be binding within its own confines, and shall therefore have no extra-territorial force.

II. Movable and immovable property shall be governed by the *lex sitae*.

III. Judgments of a State court as to property and property rights situated in another State shall only be binding when expressly so provided by the law of the latter State.

Judgments relating to personal rights shall only be binding in another State provided the person shall have expressly, or impliedly by reason of domicile, submitted to the jurisdiction of the court rendering such judgment, and provided further that personal service shall have been secured.

IV. All acts of civil status performed in accordance with the laws of one State shall be binding in all other States.

V. All professional licenses issued by the authorities of one State in accordance with its laws shall be valid in all other States.

Article 122. The Powers of the Union are bound to protect the States against all invasions or external violence. In case of insurrection or internal disturbance they shall give them the same protection, provided the Legislature of the State, or the Executive thereof if the Legislature is not in session, shall so request.

TITLE VI

Labor and Social Welfare

Article 123. The Congress and the State Legislatures shall make laws relative to labor with due regard for the needs of each region of the Republic, and in conformity with the following principles, and these principles and laws shall govern the labor of skilled and unskilled workmen, employees, domestic servants and artisans, and in general every contract of labor.

I. Eight hours shall be the maximum limit of a day's work.

II. The maximum limit of night work shall be seven hours. Unhealthy and dangerous occupations are forbidden to all women and to children under sixteen years of age. Night work in factories is likewise forbidden to women and to children under sixteen years of age; nor shall they be employed in commercial establishments after ten o'clock at night.

III. The maximum limit of a day's work for children over twelve and under sixteen years of age shall be six hours. The work of children under twelve years of age shall not be made the subject of a contract.

IV. Every workman shall enjoy at least one day's rest for every six days' work.

V. Women shall not perform any physical work requiring considerable physical effort during the three months immediately preceding parturition; during the month following parturition they shall necessarily enjoy a period of rest and shall receive their salaries or wages in full and retain their employment and the rights they may have acquired under their contracts. During the period of lactation they shall enjoy two extraordinary daily periods of rest of one-half hour each, in order to nurse their children.

VI. The minimum wage to be received by a workman shall be that considered sufficient, according to the conditions prevailing in the respective region of the country, to satisfy the normal needs of the life of the workman, his education and his lawful pleasures, considering him as the head of the family. In all agricultural, commercial, manufacturing or mining enterprises the workmen shall have the right to participate in the profits in the manner fixed in Clause IX of this article.

VII. The same compensation shall be paid for the same work, without regard to sex or nationality.

VIII. The minimum wage shall be exempt from attachment, set-off or discount.

IX. The determination of the minimum wage and of the rate of profit-sharing described in Clause VI shall be made by special commissions to be appointed in each municipality and to be subordinated to the Central Board of Conciliation to be established in each state.

X. All wages shall be paid in legal currency and shall not be paid in merchandise, orders, counters or any other representative token with which it is sought to substitute money.

XI. When owing to special circumstances it becomes necessary to increase the working hours, there shall be paid as wages for the overtime one hundred per cent more than those fixed for regular time. In no case shall the overtime exceed three hours nor continue for more than three consecutive days; and no women of whatever age nor boys under sixteen years of age may engage in overtime work.

XII. In every agricultural, industrial, mining or other class of work employers are bound to furnish their workmen comfortable and sanitary dwelling-places, for which they may charge rents not exceeding one-half of one per cent per month of the assessed value of the properties. They shall likewise establish schools, dispensaries and other services necessary to the community. If the factories are located within inhabited places and more than one hundred persons are employed therein, the first of the above-mentioned conditions shall be complied with.

XIII. Furthermore, there shall be set aside in these labor centers, whenever their population exceeds two hundred inhabitants, a space of land not less than five thousand square meters for the establishment of public markets, and the construction of buildings designed for municipal services and places of amusement. No saloons nor gambling houses shall be permitted in such labor centers.

XIV. Employers shall be liable for labor accidents and occupational diseases arising from work; therefore, employers shall pay the proper indemnity, according to whether death or merely temporary or permanent disability has ensued, in accordance with the provisions of law. This liability shall remain in force even though the employer contract for the work through an agent.

XV. Employers shall be bound to observe in the installation of their establishments all the provisions of law regarding hygiene and sanitation and to adopt adequate measures to prevent accidents due to the use of machinery, tools and working materials, as well as to organize work in such a manner as to assure the greatest guaranties possible for the health and lives of workmen compatible with the nature of the work, under penalties which the law shall determine.

XVI. Workmen and employers shall have the right to unite for the defense of their respective interests, by forming syndicates, unions, etc.

XVII. The law shall recognize the right of workmen and employers to strike and to lockout.

XVIII. Strikes shall be lawful when by the employment of peaceful means they shall aim to bring about a balance between the various factors of production, and to harmonize the rights of capital and labor. In the case of public services, the workmen shall be obliged to give notice ten days in advance to the Board of Conciliation and Arbitration of the date set for the suspension of work. Strikes shall only be considered unlawful when the majority of the strikers shall resort to acts of violence against persons or property, or in case of war when the strikers belong to establishments and services dependent on the government. Employees of military manufacturing establishments of the Federal Government shall not be included in the provisions of this clause, inasmuch as they are a dependency of the national army.

XIX. Lockouts shall only be lawful when the excess of production shall render it necessary to shut down in order to maintain prices reasonably above the cost of production, subject to the approval of the Board of Conciliation and Arbitration.

XX. Differences or disputes between capital and labor shall be submitted for settlement to a board of conciliation and arbitration to consist of an equal number of representatives of the workmen and of the employers and of one representative of the Government.

XXI. If the employer shall refuse to submit his differences to arbitration or to accept the award rendered by the Board, the labor contract shall be considered as terminated, and the employer shall be bound to indemnify the workman by the payment to him of three months' wages, in addition to the liability which he may have incurred by reason of the dispute. If the workman reject the award, the contract will be held to have terminated.

XXII. An employer who discharges a workman without proper cause or for having joined a union or syndicate or for having taken part in a lawful strike shall be bound, at the option of the workman, either to perform the contract or to indemnify him by the payment of three months' wages. He shall incur the same liability if the workman shall leave his service on account of the lack of good faith on the part of the employer or of maltreatment either as to his own person or that of his wife, parents, children or brothers or sisters. The employer cannot evade this liability when the maltreatment is inflicted by subordinates or agents acting with his consent or knowledge.

XXIII. Claims of workmen for salaries or wages accrued during the past year and other indemnity claims shall be preferred over any other claims, in cases of bankruptcy or composition.

XXIV. Debts contracted by workmen in favor of their employers or their employers' associates, subordinates or agents, may only be charged against the workmen themselves and in no case and for no reason collected from the members of his family. Nor shall such debts be paid by the taking of more than the entire wages of the workman for any one month.

XXV. No fee shall be charged for finding work for workmen by municipal offices, employment bureaus or other public or private agencies.

XXVI. Every contract of labor between a Mexican citizen and a foreign principal shall be legalized before the competent municipal authority and viséed by the consul of the nation to which the workman is undertaking to go, on the understanding that, in addition to the usual clauses, special and clear provisions shall be inserted for the payment by the foreign principal making the contract of the cost to the laborer of repatriation.

XXVII. The following stipulations shall be null and void and shall not bind the contracting parties, even though embodied in the contract:

(a) Stipulations providing for inhuman day's work an account of its notorious excessiveness, in view of the nature of the work.

(b) Stipulations providing for a wage rate which in the judgment of the Board of Conciliation and Arbitration is not remunerative.

(c) Stipulations providing for a term of more than one week before the payment of wages.

(d) Stipulations providing for the assigning of places of amusement, eating places, cafes, taverns, saloons or shops for the payment of wages, when employees of such establishments are not involved.

(e) Stipulations involving a direct or indirect obligation to purchase articles of consumption in specified shops or places.

(f) Stipulations permitting the retention of wages by way of fines.

(g) Stipulations constituting a waiver on the part of the workman of the indemnities to which he may become entitled by reason of labor accidents or occupational diseases, damages for breach of contract, or for discharge from work.

(h) All other stipulations implying the waiver of any right vested in the workman by labor laws.

XXVIII. The law shall decide what property constitutes the family patrimony. These goods shall be inalienable and shall not be mortgaged, nor attached, and may be bequeathed with simplified formalities in the succession proceedings.

XXIX. Institutions of popular insurance established for old age, sickness, life, unemployment, accident and others of a similar character, are considered of social utility; the Federal and State Governments shall therefore encourage the organization of institutions of this character in order to instill and inculcate popular habits of thrift.

XXX. Cooperative associations for the construction of cheap and sanitary dwelling houses for workmen shall likewise be considered of social utility whenever these properties are designed to be acquired in ownership by the workmen within specified periods.

TITLE VII

General Provisions

Article 124. All powers not expressly vested by this Constitution in the Federal authorities are understood to be reserved to the States.

Article 125. No person shall hold at the same time two Federal offices or one Federal and one State elective office, if elected to two, he shall choose between them.

Article 126. No payment shall be made which is not included in the budget or authorized by a law subsequent to the same.

Article 127. The President of the Republic, the Justices of the Supreme Court, Representatives and Senators and other public officials of the Federation who are chosen by popular election shall receive a compensation for their services, which shall be paid by the Federal Treasury and determined by law. This compensation may not be waived, and any law increasing or decreasing it shall have no effect during the period for which the functionary holds office.

Article 128. Every public official, without exception, shall, before entering on the discharge of his duties, make an affirmation to maintain this Constitution and the laws arising thereunder.

Article 129. In time of peace no military authorities shall exercise other functions than those bearing direct relation to military discipline. No permanent military posts shall be established other than in castles, forts and arsenals depending directly upon the Federal Government, or in camps, barracks, or depots, established outside of inhabited places for the stationing of troops.

Article 130. The Federal authorities shall have power to exercise in matters of religious worship and outward ecclesiastical forms such intervention as by law authorized. All other officials shall act as auxiliaries to the Federal authorities.

The Congress shall not enact any law establishing or forbidding any religion whatsoever.

Marriage is a civil contract. Marriage and all other acts relating to the civil status of individuals shall appertain to the exclusive jurisdiction of the civil authorities in the manner and form by law provided, and they shall have the force and validity given them by said laws.

A simple promise to tell the truth and to comply with obligations contracted shall subject the promisor, in the event of a breach, to the penalties established therefore by law.

The law recognizes no juridical personality in the religious institutions known as churches.

Ministers of religious creeds shall be considered as persons exercising a profession, and shall be directly subject to the laws enacted on the matter.

The State Legislatures shall have the exclusive power of determining the maximum number of ministers of religious creeds, according to the needs of each locality. Only a Mexican by birth may be a minister of any religious creed in Mexico.

No ministers of religious creeds shall, either in public or private meetings, or in acts of worship or religious propaganda, criticise the fundamental laws of the country, the authorities in particular or the Government in general; they shall have no vote, nor be eligible to office, nor shall they be entitled to assemble for political purposes.

Before dedicating new temples of worship for public use, permission shall be obtained from the Department of the Interior (Gobernación); the opinion of the Governor of the respective State shall be previously heard on the subject. Every place of worship shall have a person charged with its care and maintenance, who shall be legally responsible for the faithful performance of the laws on religious observances within the said place of worship, and for all the objects used for purposes of worship.

The caretaker of each place of public worship, together with ten citizens of the place, shall promptly advise the municipal authorities as to the person charged with the care of the said place of worship. The outgoing minister shall in every instance give notice of any change, for which purpose he shall be accompanied by the incoming minister and ten other citizens of the place. The municipal authorities, under penalty of dismissal and fine, not exceeding 1,000 pesos for each breach, shall be responsible for the exact performance of this provision; they shall keep a register of the places of worship and another of the caretakers thereof, subject to the same penalty as above provided. The municipal authorities shall likewise give notice to the Department of the Interior through the State Governor, of any permission to open to the public use a new place of worship, as well as of any change in the caretakers. Gifts of personalty may be received in the interior of places of public worship.

Under no conditions shall studies carried on in institutions devoted to the professional training of ministers of religious creeds be given credit or granted any other dispensation of privilege which shall have for its purpose the accrediting of the said studies in official institutions. Any authority violating this provision shall be punished criminally, and all such dispensation of privilege be null and void, and shall invalidate wholly and entirely the professional degree toward the obtaining of which the infraction of this provision may in any way have contributed.

No periodical publication which either by reason of its program, its title or merely by its general tendencies, is of a religious character, shall comment upon any political affairs of the nation, nor publish any information regarding the acts of the authorities of the country or of private individuals, in so far as the latter have to do with public affairs.

Every kind of political association whose name shall bear any word or any indication relating to any religious belief is hereby strictly forbidden. No assemblies of any political character shall be held within places of public worship.

No minister of any religious creed may inherit, either on his own behalf or by means of a trustee or otherwise, any real property occupied by any association of religious propaganda or religious or charitable purposes. Ministers of religious creeds are incapable legally of inheriting by will from ministers of the same religious creed or from any private individual to whom they are not related by blood within the fourth degree.

All real and personal property pertaining to the clergy or to religious institutions shall be governed, in so far as their acquisition by private parties is concerned, in conformity with Article 27 of this Constitution.

No trial by jury shall ever be granted for the infraction of any of the preceding provisions.

Article 131. The Federal Government shall have exclusive power to levy duties on merchandise imported, exported or passing in transit through the national territory, as well as to regulate at all times, and if necessary to forbid for the sake of public safety or for police reasons, the circulation in the interior of the Republic of all kinds of goods, regardless of their origin; but the Federal Government shall have no power to establish or decree in the Federal District and Territories the taxes and laws to which Clauses VI and VII of Article 117 refer.

Article 132. All forts, barracks, warehouses and other real property, destined by the Federal Government for public service or common use, shall be under the jurisdiction of the Federal authorities, in accordance with the law which the Congress shall issue on the subject; any of these establishments which may subsequently be acquired within the territory of any State shall likewise be subject

to Federal jurisdiction, provided consent thereto shall have been obtained from the respective State legislature.

Article 133. This Constitution and the laws of the United Mexican States which shall be made in pursuance hereof and all treaties made or which shall be made under the authority of the President of the Republic, with the approval of the Congress, shall be the supreme law of the land. And the judges in every State shall be bound by this Constitution and by these laws and treaties, anything in the Constitution or laws of any State to the contrary notwithstanding.

Article 134. Bids shall be called for on all contracts which the Government may have occasion to enter into for the execution of any public works; these bids shall be submitted under seal and shall only be opened publicly.

TITLE VIII

Amendments to the Constitution

Article 135. The present Constitution may be added to or amended. No amendment or addition shall become part of the Constitution until agreed to by the Congress of the Union by a two-thirds vote of the members present and approved by a majority of the State Legislatures. The Congress shall count the votes of the Legislatures and make the declaration that the amendments or additions have been adopted.

TITLE IX

Inviolability of the Constitution

Article 136. This Constitution shall not lose its force and vigor, even though its observance be interrupted by rebellion. In case that through any public disturbance a Government contrary to the principles which it sanctions be established, its force shall be restored so soon as the people shall regain their liberty, and those who have participated in the Government emanating from the rebellion or have cooperated with it shall be tried in accordance with its provisions and with the laws arising under it.

TRANSITORY ARTICLES

Article 1. This Constitution shall be published at once and a solemn affirmation made to defend and enforce it throughout the Republic; but its provisions, except those relating to the election of the supreme powers, Federal and State, shall not go into effect until the first day of May, 1917, at which time the Constitutional Congress shall be solemnly convened and the oath of office taken by the citizen chosen at the forthcoming elections to discharge the duties of President of the Republic.

The provisions of Clause V of Article 82 shall not be applicable in the elections to be called in accordance with Article 2 of the Transitory Articles, nor shall active service in the army act as a disqualification for the office of Representative or Senator, provided the candidate shall not have active command of troops in the respective electoral district.

Nor shall the Secretaries nor Assistant Secretaries of Executive Departments be disqualified from election to the next Federal Congress, provided they shall definitively resign from office on or before the day on which the respective call is issued.

Article 2. The person charged with the Executive Power of the Nation shall immediately, upon the publication of this Constitution, call for elections to fill the Federal offices; he shall see that these elections be held so that Congress may be constituted within a reasonable time, in order that it may count the votes cast in the presidential elections and make known the name of the person who has been elected President of the Republic; this shall be done in order that the provisions of the foregoing article may be complied with.

Article 3. The next constitutional term shall be computed, in the case of Senators and Representatives, from the first of September last, and in the case of the President of the Republic, from the first of December, 1916.

Article 4. Senators who in the coming election shall be classified as even shall serve only two years, in order that the Senate may be renewed by half every two years.

Article 5. The Congress shall in the month of May next choose the Justices of the Supreme Court in order that this tribunal may be constituted on the first day of June, 1917.

In these elections, Article 96 shall not govern in so far as the candidates proposed by the State Legislatures are concerned; but those chosen shall be designated for the first term of two years prescribed by Article 94.

Article 6. The Congress shall meet in extraordinary session on the fifteenth day of April, 1917, to act as an electoral college, for the computing of the ballots and the determination of the election of President of the Republic, at which time it shall make known the results; it shall likewise enact the organic law of the Circuit and District Courts, the organic law of the Tribunals of the Federal District and Territories, in order that the Supreme Court of Justice may immediately appoint the Inferior and Superior District and Circuit Judges; at the same session the Congress shall choose the Superior Judges and Judges of First Instance of the Federal District and Territories, and shall also enact all laws submitted by the Executive. The Circuit and District Judges and the Superior and Inferior Judges of the Federal District and Territories shall take office not later than the first day of July, 1917, at which time such as shall have been temporarily appointed by the person now charged with the Executive Power of the nation shall cease to act.

Article 7. For this occasion only, the votes for the office of Senator shall be counted by the Board of the First Electoral District of each State or of the Federal District which shall be instituted for the counting of the votes of Representatives. This Board shall issue the respective credentials to the Senators-elect.

Article 8. The Supreme Court shall decide all pending petitions of *amparo*, in accordance with the laws at present in force.

Article 9. The First Chief of the Constitutionalist Army, charged with the Executive Power of the Nation, is hereby authorized to issue the electoral law according to which, on this occasion, the elections to fill the various Federal offices shall be held.

Article 10. All persons who shall have taken part in the Government emanating from the rebellion against the legitimate Government of the Republic, or who may have given aid to the said rebellion and later taken up arms or held any office or commission of the factions which have opposed the Constitutionalist Government, shall be tried in accordance with the laws at present in force, unless they shall have been previously pardoned by the said Constitutionalist Government.

Article 11. Until such time as the Congress of the Union and the State Legislatures shall legislate on the agrarian and labor problems, the bases established by this Constitution for the said laws shall be put into force throughout the Republic.

Article 12. All Mexicans who shall have fought in the ranks of the Constitutionalist Army and their children and widows and all other persons who shall have rendered service to the cause of the revolution, or to public instruction, shall be preferred in the acquisition of lots to which Article 27 refers, and shall be entitled to such rebates as the law shall determine.

Article 13. All debts contracted by working men on account of work up to the date of this Constitution with masters, their subordinates and agents, are hereby declared wholly and entirely discharged.

Article 14. The Departments of Justice and of Public Instruction and Fine Arts are hereby abolished.

Article 15. The citizen at present charged with the Executive Power is hereby authorized to issue the law of civil responsibility applicable to all promoters, accomplices and abettors of the offenses committed against the constitutional order in the month of February, 1913, and against the Constitutionalist Government.

Article 16. The Constitutional Congress in the regular period of sessions, to begin on the first day of September of the present year, shall issue all the organic laws of the Constitution which may not have been already issued in the extraordinary session to which Transitory Article number 6 refers; and it shall give preference to the laws relating to personal guaranties and to Articles 30, 32, 33, 35, 36, 38, 107 and the latter part of Article 111 of this Constitution.

Signed at Querétaro de Arceaga, January 31, 1917.

[Signatures of delegates not printed]

I therefore order it printed, circulated and published by solemn proclamation and public crier throughout the Republic for its due operation.

Given at the National Palace in the City of Querétaro, on February 5, 1917.

V. CARRANZA

File No. 812.52/410

The Secretary of State to Ambassador Fletcher

[Extract]

No. 326

DEPARTMENT OF STATE,
Washington, October 6, 1917.

SIR: Article 27, paragraph 1, of the Mexican Constitution, promulgated February 5, 1917, contains the following provisions:

Only Mexicans by birth or naturalization have the right to acquire ownership in lands, waters and other appurtenances, or to obtain concessions to develop lands, waters or mineral fuels in the Republic of Mexico. The Nation may grant the same right to foreigners, provided they agree before the Department of Foreign Affairs to be considered Mexicans in respect to such property, and accordingly not to invoke the protection of their Governments in respect to the same, under penalty, in case of breach, of forfeiture to the Nation of property so acquired. Within a zone of 100 kilometers from the frontiers, and of 50 kilometers from the sea coast, no foreigner shall under any conditions acquire direct ownership of lands and waters.

It seems quite clear from this language of the Constitution that the renunciation of national rights is intended to cover only the property which may be acquired, but the Department desires to know whether this clause is being construed by the Mexican Government as calling for complete renunciation of American citizenship.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 812.52/417

Ambassador Fletcher to the Secretary of State

No. 583

AMERICAN EMBASSY,
Mexico, November 5, 1917.

SIR: In response to the Department's No. 326 of October 6, 1917, directing the Embassy to obtain and forward to the State Department the names of all Americans who have obtained naturalization as Mexican citizens under the new Constitution, I have the honor to transmit, herewith, copy and translation of a note from the Mexican Foreign Office on this subject, dated November 1, 1917, which encloses a list² of Americans and Porto Ricans who have renounced their citizenship.

Replying to my inquiry concerning the renunciation by foreigners of national rights in connection with the acquisition and ownership of property in Mexico, the Foreign Office informs me in the note above mentioned that such renunciation is intended to cover only the property acquired by those other than Mexican citizens.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

The Subsecretary of Foreign Affairs to Ambassador Fletcher

1922

MINISTRY FOR FOREIGN AFFAIRS,
Mexico, November 1, 1917.

MR. AMBASSADOR: In due reply to the attentive note of your excellency dated October 23, last, I have the honor to transmit a list² containing the names of

¹Not printed.

Americans naturalized as Mexicans from the preconstitutional epoch to the present date.

Also, replying to the interrogation of your excellency in this connection, I am pleased to state that the foreigners should only renounce their nationality in so far as affecting the property acquired and not in an absolute manner, according to Fraction I of Article 27 of the Political Constitution of the Republic.

Be pleased [etc.]

E. GARZA PEREZ

REPORT OF VENUSTIANO CARRANZA, PRESIDENT-ELECT OF THE UNITED MEXICAN STATES TO THE CONGRESS, APRIL 15, 1917

File No. 812.032/21

Ambassador Fletcher to the Secretary of State

[Extract]

No. 83

AMERICAN EMBASSY,
Mexico City, April 18, 1917.

SIR: I have the honor to report that in accordance with the Transitory Article No. 6 of the recently adopted Constitution, the Congress met in extraordinary session on the 15th instant. The First Chief of the Constitutionalist Army, charged with the Executive Power of the Nation, appeared before it to give an account of his stewardship, and read a long report of the events which have taken place since the beginning of the revolution.

I have [etc.]

HENRY P. FLETCHER

[Inclosure]

Report of President-elect Venustiano Carranza covering the period of the revolution from February 18, 1913, to April 15, 1917, read at the formal opening of Congress, April 15, 1917

DEPUTIES AND SENATORS: The Revolution of 1910, headed by the illustrious apostle Francisco I. Madero, having triumphed, the legitimate powers of the Republic were established by the sovereign will of the people, in substitution for the military dictatorship which emanated from the Plan of Tuxtepec, and which had weighed heavily upon the country for so many years; but the elements of the old régime could not be satisfied with their defeat, and thus began, from the first days of the establishment of the legitimate Government, the reactionary agitations which quickly came to a head in the military uprising at Vera Cruz, inspired by General Félix Díaz and seconded by various military men who were garrisoning that port in October 1912.

The mildness of the proceedings instituted against those responsible for this criminal attempt, and the mistake made of bringing to this capital the man principally responsible for the same, where all the hatreds which the new régime (because of the large interests which it necessarily had to wound) had engendered in the favorites of the former dictatorship, were boiling with extreme activity, were the primary reasons which brought about the strengthening of the reaction and permitted it to acquire the form and organization necessary to destroy the legitimate authority, and to again supplant it with a new military power, which openly proclaimed itself everywhere as being indispensable for the maintenance of order among the Mexican people.

It was inevitable, therefore, that the rebellion should develop fatally, as it did, in the early hours of the morning of Sunday, February 9, 1913, when the School of Aspirantes and some of the Federal Army, led away from their duty through the maneuvers of General Félix Díaz and Generals Bernardo Reyes and Manuel Mondragón, openly rose in arms.

From that moment, therefore, the fight against the legitimate Government began, a fight in which it was to be expected that the latter would easily win, due on the one hand to the small number of mutinous troops, and on the other, to the many and important elements which the Government possessed to reduce the rebels to submission; but, unfortunately, the evil was deep-rooted, ambition had no bounds, and treason contaminating all, had drowned completely the sentiment of duty and extinguished in its entirety military honor. It was thus that General Victoriano Huerta, to whom at an ill hour had been entrusted the defense of our institutions and the support of the Federal Powers, brought upon himself and upon the Army the most odious stain recorded in our history, by usurping the Supreme Power of the country on the afternoon of February 18, imprisoning the President of the Republic, the Vice President and the Cabinet.

The Government of the State of Coahuila, of which I was at that time in charge, had followed with the keenest interest all the developments of the struggle; for this reason I was greatly surprised at the receipt of the telegram from General Huerta, received at a late hour of the date indicated, stating that, authorized by the Senate, he had assumed the Executive Power and that the President and his Cabinet were prisoners.

Upon receipt of Huerta's message I resolved immediately to assume a firm attitude against so great a crime, and putting my decision into practice I, at an early hour of the following day, transmitted the message in question to the State Legislature. Inasmuch as the Senate was not empowered to appoint the First Magistrate of the Nation, and therefore, had not the right legally to authorize General Huerta to assume the character of President of the Republic, I declared that I was resolved to comply with the sacred duties of my office and trusted that the decision of the State Legislature would be in accord with the principles of legality and with the interests of the Fatherland.

Now is the time to express, as I do with great pleasure, the sincerest admiration for the Representatives who formed the Legislature of Coahuila, for the reason that on the same date, February 19, Decree No. 1421 was issued denying recognition of General Huerta as Chief of the Executive Power, as well as recognition of his acts; extraordinary faculties in all branches of the public administration were granted to the State Executive for the purpose of raising forces to assist in the upholding of the Constitutional order in the Republic; and lastly, it was ordered that the State Governments and the Chiefs of the Federal forces, of the Rurales and of the auxiliary forces of the Federation, be invited to second the attitude of the Coahuila Government.

In compliance with this decree, the Government of which I had charge issued the circular of February 19, in which, after an exposition of the offenses committed by General Huerta, I concluded by saying that the

"Government under my charge, complying with the sovereign mandates of our Political Constitution, obedient to our institutions, faithful to its duties, and animated by the purest patriotism, felt compelled to disown and disavow that unqualifiable crime committed against our Fundamental Law, and invited the Governments and all the Chiefs of the States in the Republic to second the movement for law and order."

It is known to all that General Huerta, desiring that an appearance of legality be given to the usurpation he had just committed, forcibly obliged the President and Vice President of the Republic to tender their resignations, so that he himself might be appointed Minister of Government by the Minister for Foreign Affairs, who in turn assumed the Presidency of the Republic in place of the Constitutional President, only to resign this position immediately in order that it might pass to Huerta.

This proceeding, obviously made effective by force of arms, could not legitimize for a single instant the usurpation committed against the Powers legally constituted, nor much less give the slightest appearance of constitutionality to all that intriguing which so enveloped all the institutions of the country, especially when a few days later Messrs. Madero and Pino Suárez were assassinated to the horror of the entire world, their disappearance at any cost being the desire of the leaders of the military uprising, who imagined that in this manner they could tranquilly enjoy the fruits of their crimes.

Coincident with these events the Consul and Vice Consul of the United States called on me in the Government Palace at Saltillo, stating that they had instructions from the American Ambassador, Henry Lane Wilson, to tell me to abandon my attitude of refusing to recognize the Government of General Huerta, because, according to their statements, resistance would be useless in view of the fact that

the usurper had immense resources available to put down the Coahuila movement; and they informed me that the Huerta Government had just been recognized by all Governments having accredited representatives in Mexico City, including the Government of the United States. They added, also by instructions of Ambassador Wilson, that all the Governors of States had accepted the new order of things and that I was the only one who maintained a rebellious attitude. To all this I answered that I was aware of the resources at the disposition of the usurpers and of the reduced state of those in my possession, but that I would accept no arrangement and would fulfil my duty as Governor of the State, whatever might be the outcome of the struggle. Later I obtained a copy of the message on the subject sent by Wilson to the Consul and Vice Consul directing them to exert pressure on me and obtain my submission to the "Cuartelazo" Government.

A few days later when I was at my headquarters at Villa de Arteaga, Vice Consul Silliman came to see me again and asked me to state the conditions I would prescribe to avoid war, and he promised to deliver my statement to General Huerta through Ambassador Lane Wilson. I gave him a note to the Ambassador in which I referred to the statements that had been communicated to me in my former interview with the Consul and Vice Consul of the United States, and stated that in order to avoid an armed struggle I demanded that Victoriano Huerta, Félix Díaz, Aureliano Blanquet, and all others connected with the "Cuartelazo" and with the assassination of the President and Vice President of the Republic should leave the country; that the forces that had contributed to the downfall of the legitimate Government should evacuate the capital and should be replaced by forces of the States of Coahuila and Sonora, that Congress should designate a legal successor for the President, and that the new Government on being installed should determine the proper punishment for those soldiers who had failed in their duty.

Vice Consul Silliman promised to deliver this note at the capital of the Republic but I received no answer. I reiterate that its only purpose was to avoid the shedding of blood.

It is opportune to correct at this point a statement made recently by ex-Secretary Knox, who declared in an interview for the press that the intervention of Ambassador Wilson was due to my having approached him requesting his mediation, which declaration is completely in error, since the events were as above stated.

The virile, enthusiastic and opportune protest of the Coahuila Legislature, made without measuring the dangers nor taking into account the insignificant resources available for so great an undertaking in a struggle against men who were equal to any extreme, without scruples and wholly lacking in moral sentiment, and amply supplied with every kind of necessary material, accomplished its purpose. The noble and generous action of the deputies in embracing the cause of law and order at the call of the Executive of the State was simply patriotism in action, conscious of its power, and destined soon to reveal itself by countless acts of heroism, to vindicate the outraged law and restore the lost liberties to the Mexican people; and since all magnificent acts are suggestive, this action everywhere found its response in the hearts of young men who immediately flew to the service of the cause of justice.

The Plan of Guadalupe of March 26, 1913 was the battle cry for the best element of the young manhood of Mexico launched to the four winds of the country against triumphant iniquity. This battle cry was nothing more than the vibrant and ringing declaration of the national sentiment—a declaration that reaffirmed the fundamental purpose, the deliberate will of the Mexican people no longer to permit autocracy again to dominate the destinies of the Nation, enforcing the will of an odious and hated class that for so many years has crushed the aspirations of the Republic, throttling every effort towards progress, killing all idea of liberty and keeping the Mexicans, under the pretext of saving them from anarchy, reduced to a condition of slavery. Such is the farce that has been made of democratic institutions that has served only to replace the will of the people by the imposition of favorites installed by the usurper of public power upon the condition that they serve as pliant instruments in the furtherance of his designs.

Accordingly, by the Plan of Guadalupe which was adopted by the Permanent Committee of the Coahuila Legislature in its decree of April 19 of the same year issued at Piedras Negras, the questions of orderly government in opposition to usurpation, of law in opposition to mob rule, of free institutions in opposition to a military dictatorship, were completely established.

The call made to the Governors of the States exhorting them to support the attitude of Coahuila was responded to by Sonora only; for although the Governor of the State, José M. Maytorena, was not disposed to place himself on the

side of law and order, the Legislature openly denounced the usurpation and appointed Ignacio L. Pesqueira, one of the members of the legislature, as acting governor, by decree of March 4, 1913 and refused to recognize Huerta.

The union of Sonora with Coahuila and consequently the adoption of the Plan of Guadalupe by that State took place the 18th of April following, the State being represented by Adolfo de la Huerta and Roberto V. Pesqueira, and also by Alvaro Obregón, Salvador Alvarado, who are today generals in the army, and by other military chiefs.

The contest having been decided upon, the Government entrusted to me had two important objects to accomplish; one, the organization of the public service so far as was possible with a state of war existing, in such a manner that those who took no part in the struggle should suffer the least possible injury; the other, the organization of the Constitutionalist Army in such manner as would enable it to accomplish its task and keep supplied with the elements necessary for its efficiency.

To accomplish the first of these objects the Government entrusted to me issued the decree of May 10, 1913 by which we established the fundamental rules establishing the rights of nationals and foreigners to collect indemnity for damages caused during the revolution of 1910 and those they might suffer during the campaign just entered upon.

Justice as well as public convenience imperiously demanded such a measure, partly because since we were dealing with a war which had for its supreme object the betterment of the Mexican people, the expenses resulting from it should not be borne solely by those persons living in the regions in which the Constitutionalist Army operated, who furnished supplies which could not be paid for immediately because of lack of finances, and the value of which became a debt against the nation to be paid in the manner and under the conditions to be prescribed in due time by a special law enacted for this purpose; also because the conduct of the Government was to be in accordance with the principles of strict morality and this demanded that the rights of foreigners should be respected and that they also should receive proper compensation for any contributions which were made for the public service.

Opportunity is taken here to state in order to avoid erroneous interpretation that the decree to which I have just referred does not treat of those damages that naturally accompany every civil war having their origin in unavoidable events which oftentimes paralyze commerce, such as the unprotected state of the centers of population, public highways and outlying settlements exposed to the ravages of those who, taking advantage of the disorder produced by public calamity, make attacks on life and property their constant aim and occupation; this decree covers only those damages resulting from the appropriations of property of individuals by the Constitutionalist authorities in accordance with the necessities of the service, as is made very clear by Article 3 of the decree and particularly so by the specific provisions of the declarations of the 10th of August 1913.

The circular of June 7, 1913 had the same object in view and was issued expressly to facilitate commerce between the United States of the North and the United Mexican States and for the purpose of avoiding in this manner the suspension of commercial relations between the two countries with resultant severe damage to the inhabitants of the two nations and with marked injury to the financial interests of the public treasury.

In addition, a measure of great importance for the attainment of the object mentioned was the decree of October 7, 1913, which organized the Constitutionalist Government by specifying the Secretaries of State to whom should be entrusted the various branches of the public administration and prescribing the duties that should be performed to meet efficiently the necessities of the moment and begin the institution of the reforms demanded by the social and economic conditions of the country.

Although the duties of the Secretaries of War, Government and Treasury were of transcendental importance for the organization of the army and its maintenance for the protection and the governing of the territory which step by step was being taken away from the usurper, and for the best possible provision of the supplies necessary to meet the daily increasing demands of the campaign, still the duties entrusted to the other Departments were no less necessary or important and any neglect of them would have resulted in my Government being uncertain in its acts and as to their final success.

From the very beginning I had the fixed idea, amply confirmed later on, that victory over the usurper of the public authority could not be gained without

concentrating the attention in a special manner on impressing the public conscience with the conviction of the legality of the revolution, and of its necessity for the reestablishment of the authorities selected by the vote of the people, nor without adopting all those measures necessary to overthrow the enemy whether by depriving him of the means of subsistence, or by raising and opposing him with an army efficient not only in numbers but in quality as well.

With this in view and to accomplish the second purpose above mentioned, the office of the First Chief published the decree of April 20, 1913 calling together the generals, chiefs and officers of the liberating army and the Federal Army to organize the Constitutionalist Army, offering to guarantee them their positions in the permanent army on the success of the Constitutionalist cause, excepting only those generals, chiefs and officers who, in October 1912, took part in the rebellion of Vera Cruz, and those who took part in the military crime of February 1913.

I should say in passing that in addition to those chiefs who commanded the forces of Coahuila, Pablo González, Jesús Carranza, Cesáreo Castro, Francisco Coss and other officials, this call was answered only by the forces commanded by the present generals Jacinto B. Treviño, José Agustín Castro, Cándido Aguilar, Agustín Milan and other officials.

With the same purpose already referred to, the decree of May 1, 1913, was issued which put into effect the law of January 25, 1862, so that judgment might be passed on General Victoriano Huerta and his accomplices and those who conspired against the independence and security of the nation might be punished.

With the same object in view the decree of January 4, 1913 was issued which established six army corps and designated the regions controlled by the revolution. For a like purpose the decree of November 1, 1913 was issued putting into effect the laws of organization and jurisdiction of military tribunals. This decree and the other issued previously modified various provisions of former decrees as well as the law of January 25, 1862, and adapted them to the existing conditions; also the decree of July 31, 1914 was issued, providing that Military Judges of Instruction would have jurisdiction over federal crimes, provided that the prisoners should not be judged by the law of January 25.

I will not detain you by calling your attention to the importance and timeliness of these provisions, for their timeliness and importance are revealed by simply mentioning them; no one can fail to see that it was indispensable on the one hand to call to the Constitutionalist ranks all those who took part in the revolution of 1910 as well as the federals who were fully aware of their duties and were disposed to fulfill them, and on the other hand to indicate plainly that Huerta and all those who had assisted him in the "Cuartelazo" as well as those who had initiated the rebellion against the legitimate Government of the Republic would not be left unpunished.

It was also necessary to overcome all obstacles to the progress of the revolution, and with this in view, to punish severely any attempt on the part of the non-combatants who, not satisfied to withhold aid from the liberating party, offered various kinds of assistance to the enemy.

Moreover, I had to contend ceaselessly and with what means I had at hand, with the supporters of the usurper, and it was also necessary to preserve order in the Constitutionalist Army, while not permitting offenses in the civil community to go unpunished. This condition of affairs justified the organization of military tribunals and the extraordinary jurisdiction given them.

Further on in this report, and with the understanding that detailed reports will be made of the activities of the various Departments of Government covering the period from the beginning of the war to date, I will make a brief summary of the most important work of each Department in order that you may see the condition of the public administration in the entire country; but I wish to give a general idea of the more important events.

After having overthrown Huerta's army and forced the officials responsible for the crimes of February 1913 to leave the Republic, and after having obtained the unconditional surrender of the Federalist Army set forth in the treaty of Teoloyucan, I finally occupied the City of Mexico, and by way of complying with the third Article of the Plan of Guadalupe, I issued the decree of August 2, 1914 which prescribed that after that date the Chief of the Constitutionalist Army would have the Executive Power of the Nation.

This act not only happily completed the task undertaken by the Governor of Coahuila with the patriotic and zealous support of the Legislature of that State on the memorable date of March 26, 1913, when the then small Constitutionalist Army raised its banners, but it also signified that the time had arrived for the

triumphant revolution to begin a new work, that of restoring the peace and order of the nation without delay.

Permit me to say that the decree to which I have referred clearly demonstrated that the revolution had progressed greatly in a comparatively short time, during which the nation had not suffered any exceedingly great sacrifices, nor any of the very serious damages inevitably attendant upon war, and the sacrifices and damages would have been quickly recompensed had not the spirit of discord once more been incited to light the torch of civil war, bringing greater calamities upon the country and endangering the existence of the Government.

The Government under my charge, at the time of the occupation of the city by the Constitutionalist Army, desired to enter upon the work of national reconstruction; and, desiring to build on a firm foundation and to work in accord with the Constitutionalist Army, thereby avoiding undesirable differences of opinion with their evil consequences, I called together under date of September 5, 1914, a convention of the governors and generals having command of forces, to meet in this city and this same building on the 1st of October 1914.

The only purpose of this assembly (and considering the elements composing it and the purpose for which it was convened, it could have had no other purpose) was to give the person in charge of the Executive Power of the Union a program of Government which would insure prompt and complete compliance with the revolutionary ideal of fundamental public necessities; true this ideal had not been reduced to written form but it was well defined in the public conscience and in the desires of the people, and above all in the conscience and desire of the citizen who had borne arms to save the Republic.

Unfortunately the purpose of the assembly referred to was immediately opposed, on one hand by the principal chiefs of the North objecting to attend on the pretext that in this city they could not express their opinions with complete liberty, and on the other hand because of the poor impression, formed no doubt in good faith, that some chiefs of the other divisions had formed of the mission entrusted to them.

The chiefs who attended the assembly which met in this city the 1st of October 1914 desiring to avoid the break that threatened in the ranks of the Constitutionalist Army, and after an exchange of ideas with those holding contrary views, agreed that the assembly should convene at Aguascalientes and there renew its work on the 10th of October 1914.

From the first moment the assembly at Aguascalientes revealed its tendencies and the ideas that inspired a large part of its members, consisting almost exclusively of the chiefs of the Division of the North; all this indicated that the chiefs who attended the assembly which met in this city had been deceived and that in order to give guaranties to the Zapatistas who were craftily invited on the pretext of accomplishing an impossible reconciliation, they had thereby delivered themselves almost defenseless into the hands of their enemies.

The assembly or convention of Aguascalientes, as it has been called, began, if I may make use of the term, with a new "cuartelazo", after the fashion of Huerta, for it deliberately assumed to represent the nation, declaring itself sovereign with absolute power to appoint the President of the Republic, and to legislate for all branches of the public administration. As has been seen, Huerta usurped the executive power of the nation; the convention of Aguascalientes usurped the legislative power, and attributed to that power a faculty which it does not possess, namely, to select the Chief Executive.

As we have seen, the Aguascalientes convention completely neutralized the purpose of the Junta convened by my Government to prepare a program for returning the country to a Constitutional Government; and it was not until the chiefs had gathered together for this convention with the best intentions possible, that they became convinced that they had been deceived, and that the purpose in view was simply to separate me from the high position in which I had been placed by my being Governor of Coahuila, and by the Plan of Guadalupe of March 26, 1913.

The weakness and corruption of the advisers of the General in charge of the Division of the North, had aroused in him the ambition to install himself as Provisional President of the Republic, and all his efforts were bent towards accomplishment of this purpose.

I shrank from entering upon a new campaign in which much blood surely would be shed, and the welfare of the nation would be destroyed; but the facts demonstrated to even the most casual observer that the individuals of the Division of the North had nothing to offer that was advantageous to the country,

and that if the country were delivered to them they would unquestionably have guided it to destruction.

Therefore, much against my will, I had to decide to undertake a new struggle with the forces that had remained loyal to my government, and for the purpose of organizing them I proceeded to the port of Vera Cruz, where I could count on the help and assistance of a liberal and patriotic city, which received me with feverish enthusiasm and denied me no resources that might contribute to success.

To carry out this purpose further, I issued a decree in Córdoba November 20, 1914, in which it was provided the office of the First Chief of the Constitutionalist Army and of the Executive Power of the Union, together with the offices of the Secretaries of State, should be established outside of the City of Mexico, and in such places as were best suited to the necessities of the campaign.

My first act, after establishing the residence of the First Chief in the port of Vera Cruz, was to formulate in precise and categorical terms the program which the Government under my charge was to develop and follow in the new period of war about to be initiated; this was absolutely necessary in view of the fact that the new struggle was to have a character entirely different from that carried on against Huerta, because we were dealing with a faction of the Constitutionalist Army that had rebelled against the supreme authority, and it was indispensable to demonstrate to the nation and to the entire world that in this new conflict neither I nor the chiefs and officers who had remained faithful to the Plan of Guadalupe, sought to satisfy mere personal ambitions; on the contrary, once and for all time to put an end to the vices of the past which had taken such deep root in the customs of the Mexican people, and which in more than a century had disturbed their political, economic and social advancement, blocking its progress, interfering with its welfare, and producing a state of constant turmoil, that was the principal cause of the oppressions that have been suffered, and which have been caused by the lack of equilibrium and due circumspection with respect to all the relations which are vital to the existence of a sovereign and free State.

Consequently, my first object was to formulate this program, which was accomplished in the additions made to the Plan of Guadalupe by Decree of December 12, 1914, additions which embraced all the reforms that the Mexican people needed in their institutions to enable them to accomplish seriously and usefully the work of regeneration, without which work they could not take a single step in the path of perfection nor aspire to self-government, but would remain as they had been, victims of the ambitions of the most audacious and subject to the caprices of the most strong.

The reception that these additions received at the hand of the public and the enthusiasm they aroused in the Constitutionalist Army are the best proofs that they were the expression of the national sentiment, and explain why they alone have been the most terrible arm which could be drawn against the rebels, who had no other ideal than that of enriching themselves, nor any other manner of realizing this ideal than by robbing and committing all sorts of crimes. A revolution that has not as its motive a necessity that will admit of no delay in its realization, and that does not aspire to giving real life to an idea of morality and justice, is nothing less than a crime against the existence of a nation.

The first condition for the existence of a State is order, and order cannot be had where there is no law or where it is violated constantly and with impunity; it is the law that determines the relations of the members of a nation among themselves and to the State, that fixes the sphere in which individuals should have liberty of action and the limits within which the organs of the public power should operate in order that the functions of society may encounter no obstacle to their many and legitimate manifestations. Where a man, merely because of a feeling of strength through being armed, believes himself capable of imposing his will on others, and where there is no respect for the life, the liberty and the property of other members of the social body, there can be no law nor morality—fundamental elements of good order. Where any agent whatsoever of public authority believes himself authorized to follow the impulse of caprice and has no curb to contain him in his outbursts of anger, nor sentiment that impels him to see in other men human beings who merit respect, there can be nothing but anarchy, which is the disordered tyranny of many, or despotism which is the tyranny of one only.

The factions which after the overthrow of Huerta opposed the Constitutionalist Government have been conspicuous by the total absence of respect for any law other than their own, due to a complete lack of order, or, what amounts to the same thing, to the complete absence of law. They go to war to kill, they fight

for booty, their only guide is the caprice of each one in so far as he may satisfy it; justice for them is vengeance; the motive for an attack on the rights of another is personal antipathy, when it is not the simple desire to do damage; they strike, they wound, they assassinate, they destroy for the sole purpose of showing their strength; fury rouses their brute force to action; the instincts of the savage make them bloodthirsty, and they are irresistibly driven to acts of destruction as the occupation of their erring lives.

In conformity with the program to which I have referred, and which is condensed in the "Additions to the Plan of Guadalupe", my first act was to declare the dissolubility of marriage, in order to place the family on a foundation at one and the same time more rational and more human; later the liberty of the municipality was established as a fundamental condition to free government; and I ordered the immediate restoration to the towns of such lands as had been taken from them through the rapacity of the favorites of the last military dictators, and the presentation of land to those towns which lacked even the most elementary necessities of life.

The Government under my charge has devoted preferential attention to the study of reforms which should be made in the Constitution of 1857, as well as to the most careful study of the agrarian and labor problems, to the end that they might be solved in the most desirable manner; but with respect to the first of these, I found that reforms in the Constitution made by the office of the First Chief would furnish a pretext for continuing to disturb public order, not only to the armed factions, but also to the vanquished factions that formed a part of the old régimes, and this led me, as you know, to convene a Constitutional Congress, which has brought to a happy completion a most brilliant effort, and one that will be of the greatest importance in the history of the Mexican people. You are the first to be selected by the will of the people to represent them in the new life that begins to-day, and on congratulating the nation on the restoration of Constitutional order, I will now make a brief résumé of the present condition of the various departments of the public administration.

(The reports for the various Executive Departments were read and then President-elect Carranza concluded the reading of the report as follows:)

DEPUTIES AND SENATORS: I have finished the heavy load placed on my shoulders by the oath I took as Governor to protect and secure the protection of the Federal Constitution, by the imperative vote of the Legislature of my State, and by the cry of protest made by the heroic youth assembled in the Hacienda de Guadalupe the 26th of March 1913. History in its justice will eventually give its judgment from which there is no appeal, and will declare whether I have fulfilled my duty, and whether the work accomplished is commensurate with what was expected of me and with what might reasonably be demanded of me under the circumstances that existed during the time the task was performed.

I can assure you only of the sincerity and honesty of my intentions, and of my disinterested attitude; I have sought only the redemption of the Mexican people, their aggrandizement by means of a solid education, and their liberty through the establishment of democratic institutions, which they have good reason to look upon as the guarantee of their liberties.

The welfare of the Republic, which from the middle of February 1913 until to-day has demanded all my energy and has been the only object of my vigilance, and which often has caused me anxiety in the midst of many dangers that had to be overcome, is from this moment entrusted to your zeal, and I hope that, with your lights and patriotism you may know how to guide the nation along the road which leads to prosperity and to the sanctity of the law and of justice.

You should not forget even for a moment that you represent a people who wish to be free, and who have made enormous sacrifices to secure institutions which will permit of the realization of this beautiful ideal. For this reason you should always remember that while democracy reaches its decisions by means of the vote for the majority, this does not mean that a majority formed by avarice or the ambitions of agitators who drag along the undiscerning and ignorant multitude to the wrong goal, by exciting the lower passions or by making false promises which are never carried out and which are always chimerical; agitators who, in order to satisfy personal ambitions readily sacrifice the good of the community at the very altars where homage should be rendered to truth.

Democracy alone can establish concord among all social classes through the harmonizing of interests on the basis of the independence of men, and especially of the members of a single political body, and of perfect equality among them; it is

not and cannot be, in essence and in truth, other than the government of reason which, high, profound and serene, feeling the pulse of national life, and duly considering its history, necessities and tendencies, seeks adequate measures for the establishment and preservation of its vital forces, measures which are a safeguard for the elimination of evils which menace its existence or make such existence difficult and unfortunate, and reforms which raise its spirits and ennoble its purpose, awakening and fortifying sentiments of charity for the helpless and of liberation for those who suffer from social injustices, and of fraternity and sympathy for all.

For this reason, democracy sincerely and honestly seen and honorably practiced, should not look for the majority in party politics whatever the party or the name it bears, but in the representation of all classes and of all legitimate interests.

You are not the representatives of one party but of the people as a whole; to give preference, therefore, to the interests of one class or group in prejudice to those of another would be not only unjust but dangerous. In your hands lies the establishment of democratic institutions, and it will be your task to show that the revolution has not been sterile; should you not do so the only result will be the substitution of the arbitrary will of one by the capricious and oppressive will of many. If you are today free from the pressure and guidance of those higher up, your decorum and the dignity of the Congress requires that you also be entirely independent of all others; whatever may compromise your liberty also compromises the future of the Republic.

Over the entrance to the Academy of the genial Plato this inscription appeared: "Only he who knows geometry enters here". In this august assembly the noise of discordant passion should not penetrate and its tempestuous waves should not cross this threshold, for herein only the serene voice of reason should be heard searching for truth, and the sonorous voice of patriotism demanding that the Nation shall be great. Because of this, and in order to comply with your mission, you should always remember that none should enter here but he who has but one ideal: the public good; one desire only: to make the people free; one passion only: love for the Fatherland.

File No. 812.032/22

Ambassador Fletcher to the Secretary of State

No. 93

AMERICAN EMBASSY,
Mexico City, April 26, 1917.

SIR: Supplementing my Despatch No. 83 of April 18 enclosing a translation of a portion of the report of First Chief Carranza, in charge of the Executive Power of Mexico, read April 15, 1917 at the formal opening of the Mexican Congress, and with reference to my telegrams No. 95 of April 15, midnight and No. 111 of April 19, 6 p. m. quoting significant passages of the report relating to international affairs, I have the honor to enclose herewith a translation of that portion of the report which covers the activities of the Department of Foreign Affairs.

This translation has been made from a copy of the report which appeared in the public press of this city.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation—Extract]

Report of First Chief Carranza in charge of the Executive Power of Mexico, read April 15, 1917, in the Chamber of Deputies

The Huerta usurpation not having been recognized by the Government and Legislature of Coahuila, and the campaign against the usurper having been undertaken in accordance with the Plan of Guadalupe, the principal care of the First Chief in matters relating to foreign relations was to get in communication

with the Government of the United States, the only Government with which this could be done, due to the fact that the principal nations of Europe hastened to recognize the Government of Huerta as legal, without attaching importance to the series of crimes incident to its establishment. Notwithstanding the fact that the President of the United States of the North had on many occasions expressed the opinion that the Huerta Government was wholly illegal, and that consequently it could not be recognized, it is also true that he was far from eager to recognize the Government of Coahuila, and what was more important, to remove all obstacles to the easy supply of the war material indispensable to the struggle.

With this in mind, one of my first acts was to request the United States to remove the embargo which had been placed on all kinds of war materials and I pointed out that this embargo would accomplish no other purpose than to aid Huerta in a very effective way, because the Constitutionalist Government had not been able to make sufficient preparation and could not possibly manufacture the arms and ammunition which its army imperatively needed and moreover, had no ports where such materials could be entered, while Huerta could utilize the arms and ammunition plants of Europe without the least difficulty and could also import their products without the least opposition through the sea-ports which he had in his possession.

The Government of the United States in view of the fact that the situation created by the embargo on war materials assisted the usurper, finally removed the embargo a year after the beginning of the struggle against Huerta, and consequently it was easy for me thereafter to provide one of the most essential necessities of the campaign.

Because of this action of the Government of the United States, an action which in reality was nothing more than the logical consequence of the opinion the United States formed most correctly and justly of the criminal conduct of Huerta, he and his lieutenants interpreted this action as aid given the revolution by the United States and from this moment began a campaign to create difficulties between the United States and the headquarters of the First Chief, an endeavor promoted by the supporters of the old régime and the enemies of the Constitutionalist Government and one which they have continued to promote up to the present time.

The first difficulty came as a result of the death of the British subject, William Benton, which happened in Ciudad Juárez February 16, 1914. Since the Government of England had recognized Huerta and consequently had no representative at the headquarters of the First Chief, that Government appealed to the Government of the United States which had such representative to endeavor to secure permission for a commission composed of foreigners of which an English consul should be a member, to enter Mexican territory to identify the remains of Benton, as well as to initiate the complaint which the Government of Great Britain desired to make.

Desiring to disclose all that had occurred so that complete justice might be secured, the First Chief ordered a scrupulous and careful investigation and appointed for this purpose a reputable commission composed of honorable Mexicans, but in order to avoid establishing a system by which the nations which had recognized Huerta might make complaints through the mediation of the United States in matters connected with persons or property of their nationals, but without the Government of those nations appearing, I informed the Government of the United States that I would continue to give careful and thorough attention to the complaints and demands made in favor of its subjects, but, considering the dignity of the Republic, and out of respect for the personality of the supreme chief of the Constitutionalist army, I would not permit the intervention of the United States in matters relating to subjects of other nations if such nations were not willing to conform to diplomatic usages, especially since not the slightest obstacle prevented them from accrediting representatives to handle all such matters.

After this failure to accomplish their infamous purpose the reactionaries and enemies of the Constitutionalist Government redoubled their efforts to provoke a conflict by criminal methods; one of the most serious incidents was that which occurred in Tampico.

On the 9th of April 1914 some uniformed sailors under an officer, belonging to the American ship *Dolphin* and aboard one of the ship's launches, landed at a storehouse near the Iturbide bridge for the purpose of securing gasoline and the Commander of the Huerta forces at the bridge ordered that they be arrested and brought before him under guard. The American Government demanded

satisfaction for these acts and if the matter had been handled with proper regard for justice a satisfactory arrangement doubtless could have been reached without difficulty, but the Huerta administration maneuvered so that the event assumed magnified proportions, and in the end the Americans occupied the customhouse and took possession of the port of Vera Cruz, however not without the shedding of blood on both sides, because of the resistance spontaneously made by the students of the naval school and the residents of that port; the Huerta commander and his troops fled precipitately. This deplorable occurrence illustrates the tortious methods of Huerta.

As a matter of fact, the usurper's Government utilized this affair as a political maneuver in an effort to put an end to the lessening of its prestige, thereby compromising the safety of the country in an endeavor to promote its own ambitious ends. With false boastings the patriotism of the Mexican people was exploited and an effort made to sow the seeds of discord in the Constitutionalist army with the idea of uniting it to that of the usurper under the pretext that it was needed for the national defense, but in reality for the purpose of offsetting the triumphs of the revolution. The Constitutionalist army through its worthy chiefs refused to listen to such perfidious suggestions although it promptly undertook to fulfil its patriotic duty under the circumstances.

On receiving wireless information of what had occurred, in a despatch sent by the American consul at Torreón acting under instructions of the American Secretary of State, the Constitutionalist Government addressed to the Government of the United States of the North the note of April 29, 1914, in which a well-defined attitude was assumed without vacillation. This note stated that the Mexican nation, the real Mexican nation, had not recognized the usurper who was attempting to drown the free institutions of the country in blood; that the acts of the usurper and his accomplices could not be supported as legal acts of the national sovereignty nor as representing the true sentiment of the Mexican nation which is friendly towards the North American people; that this illegality of the Government of Huerta was supported by the fact that it had not been recognized by the Government of the United States, Argentine, Chile, Brazil and Cuba; that the usurper was an offender who came within the jurisdiction of the Constitutionalist Government, the only government that represented the national sovereignty in accordance with the spirit of Article 128 of the Political Constitution of Mexico; that the acts of the usurper never could be sufficient to involve the Mexican people in a disastrous war with the United States because no sympathy existed between the usurper's Government and the Mexican people, due to the fact that it was not the legitimate representative of the national sovereignty.

I clearly and vigorously represented that notwithstanding these facts, the invasion of our territory, the continued occupation of Vera Cruz by American forces or the violation of those rights which constitute our status as a sovereign, free and independent state, would drive us to an unequal but worthy struggle which I desired to avoid by every honorable means before the two nations should reach the point of breaking off the peaceful relations which united them. With this as a fundamental principle and considering the declarations of the American Senate to the effect that the United States of the North would not interfere with the Mexican nation nor consider the proposition of making war upon it, considering also that the acts of hostility were out of proportion to the equitable demands of the case, and moreover that the usurper of Mexico was not a person to extend reparation, I concluded by solemnly inviting the American Government to put an end to the hostile act referred to, to order its forces to withdraw from the places in their possession in the port of Vera Cruz, and to present to the Constitutionalist Government through me as Constitutionalist Governor of the State of Coahuila and Chief of the Constitutionalist Army, the appropriate demand growing out of the events that took place in the port of Tampico, with full assurance that this demand would be considered in a spirit of justice and conciliation.

Events developed along these lines, as you know since they are notorious; the usurper Huerta was overthrown; the Convention was converted into a focus of rebellion and the infidelity of Villa completed the situation and embarrassed the triumphal progress of the Constitutional army at the moment it was about to accomplish final success, that is, just when it was in control of nearly the entire

country and just when my Government had occupied the metropolis only to abandon it for strategic reasons.

In the course of these events and while still in the midst of a most difficult situation, the Constitutionalist Government constantly insisted upon the evacuation of the port of Vera Cruz by the invading forces; this was done November 23, 1914, and on that date our national flag waved once more over that heroic city which came into the possession of the Constitutionalist forces; it is worthy of mention that this result was accomplished without impairing the reputation and honor of the Republic and without accepting any intervention whatever in our internal affairs. By the unanimous petition of the Board of Trade in behalf of merchants and property owners of the port of Vera Cruz on the one hand, and on the other in behalf of those who had occupied public positions during the usurpation of the American forces, but had submitted to the authority of the Constitutionalist Government, I issued two decrees—one directing that the import duties paid by those first mentioned above should not be again paid, and the other granting amnesty to the second mentioned above; thus was ended this incident which might have involved a disastrous war between the two countries which by sentiment and interests ardently desire peace.

Coincident with the occupation of the port of Vera Cruz, the honorable Plenipotentiaries of Brazil, Argentine, and Chile, with the authority of their respective Governments, tendered me as superior chief of the Constitutionalist forces their good offices to mediate in the conflict between Mexico and the United States of the North, an invitation which I accepted with sincere gratefulness in principle and so stated in the note of April 20, 1914, referring to the matter and written in the city of Chihuahua.

The above-named plenipotentiaries addressed a communication to me proposing that I should enter into a general armistice while a peaceful solution was being sought for the threatened conflict between Mexico and the United States; I categorically declined to accept, and stated that the conflict was provoked intentionally by Victoriano Huerta and should be settled independently of our internal struggle for right and liberty; moreover, I deemed a suspension of hostilities and military activities disadvantageous to the Constitutionalist cause and to the advantage of Huerta only; and I believed that the civil war in Mexico between the usurper and the people in arms should be continued without cessation until peace should be secured and until the interrupted constitutional régime should be reestablished.

I immediately communicated with the same plenipotentiaries on the 3d of May, requesting that they state the points they wished to cover in their good offices in the conflict referred to. They began the A. B. C. Conference in Niagara Falls without granting my request relative to the facts and points which should be discussed, and consequently I informed them on the 25th of the same month of May, through our confidential agent in Washington that I had appointed no representatives in anticipation of their reply, it being my understanding that these conferences should not be continued without delegates being present in representation of the First Chief of the Constitutionalist army who represented the majority of the inhabitants and the majority of the armed forces of the Republic.

The A. B. C. conferences were continued without transmitting to me any reply whatsoever to those very essential particulars; the conferences were participated in by the representatives of Argentine, Brazil and Chile, by delegates from the American Government and by envoys of General Victoriano Huerta, but they were held before I had appointed my representatives and without my taking any part in them.

This was the situation when the plenipotentiaries communicated with me August 15, 1915, proposing in substance that together with political and military chiefs engaged in the struggle against constitutionalism, we should assemble at some point to be determined upon to exchange ideas and decide the fortunes of the country and establish a peaceful government which should adopt the measures adequate for constitutional reconstruction and proceed to call general elections; all this was to be done, naturally, through the intervention of these same plenipotentiaries who tendered their good offices.

To these extraordinary suggestions I replied in a categorical manner in a note despatched the 10th of September 1915 that as First Chief of the Constitutionalist army in charge of the Executive Power of the Republic I could not consent to have the internal affairs of the Republic settled by mediation nor on the initia-

tive of any foreign Government, since the undeniable duty of all was to respect the sovereignty of the nation; and that in accepting an invitation to take part in conferences with the chiefs of the rebel faction in order that peace might return to Mexico I would do grave injury to the independence of the Republic and would establish a precedent for foreign interference in the settlement of internal affairs, an act which of itself would be sufficient to prevent me from adopting the suggestion out of consideration for the legitimate defense of the sovereignty of the Mexican people and other American nations.

Moreover, I briefly summarized the complete program of the revolution referring to the reforms which were to constitute the foundation of our new social organization and which we already had begun to establish. I stated that I in my official character had the great responsibility of securing the wishes of the nation and could not by means of such an arrangement endanger the future of the country nor permit the enemies of the cause I represent to participate directly in the government; that one sad experience had demonstrated the fatal consequences of such an arrangement; that the people had responded with enthusiasm to the campaign being waged against the usurper; that this campaign had been victorious; that Francisco Villa had been overthrown and the revolution had triumphed over new obstacles placed in its path; that I could count on an army of 150,000 men; that progress had been made in the reconstruction of the country and its return to normal conditions; that railway traffic had been resumed and improvements had been made in the railway lines, and that entering into negotiations with the contaminating factions would be equivalent to a renunciation by my headquarters of victory gained at the cost of terrible sacrifices, would necessitate my resignation as Chief of the Constitutionalist army and as the authority in charge of the Executive Power of the Nation and would be a violation of the faith and confidence placed in me by the army and the Mexican people.

In view of all this, and further considering that no one had the right to prevent our people in the very near future from enjoying the bounteous harvest of their desperate struggle, I closed by stating that I could not accept the invitation extended me.

This was the last word of the Constitutionalist Government with respect to the conferences at Niagara Falls and the mediation offered by the A. B. C.

Without doubt the American Government was convinced by the accuracy of the facts and the force of the arguments used, for it recognized the First Chief of the Constitutionalist army in charge of the Executive Power of the Union as the *de facto* Government of the Republic.

The enemies of the new order of things established in the country, tenacious in their criminal efforts to bring about American intervention at whatever cost, provoked new and serious conflicts on the northern frontier; the most serious was that which occurred when the border town of Columbus was assaulted March 9, 1916 by Villa and his lieutenants, who, constantly attacked and defeated by the Constitutionalist forces had fled to the interior of the States of Chihuahua and Sonora. On receiving the first official notice of this attack my Government sent the Government of the United States the note of March 12, 1916 suggesting that a convention be held to arrange for the reciprocal crossing of the boundary by the forces of each nation, to pursue bandits who, after committing depredations in the territory of one should flee to that of the other. Unfortunately the Washington Cabinet erroneously interpreted this note to mean that it granted permission to cross the border, and consequently organized and carried out the so-called Punitive Expedition.

When the Constitutionalist Government, on hearing of these events, instantly complained and protested against them, the Washington Government explained its action as stated above and supported the explanation moreover by pointing out the necessity for moving quickly. The two Governments exchanged various notes, the final result of which was an agreement to discuss the terms of a compact for the reciprocal crossing of the frontier by the armed forces of the respective countries. Two projects drawn up by the Mexican Government and two counter-projects presented by the Government of the United States were studied and discussed; in these deliberations the Mexican Government constantly insisted on placing restrictions on the crossing of troops with respect to their zone of operations, the time they should remain in foreign territory, the number of soldiers and the arms of the service to which they belonged. The American Government rejected these suggestions but in the end partially accepted them in the last counter-project, but specified that the project should not apply to the Columbus

expedition. This gave rise to the note of the Mexican Government of April 12, 1916, which terminated the discussions of the convention and requested the withdrawal of the troops on the ground that their occupancy of the territory was not founded on any agreement and had no further object since Villa's band of outlaws had been dispersed and rendered powerless.

Since the American Government did not reply to this note nor withdraw its troops, it was deemed advisable to have the military commanders take up the military aspects of the situation and work out a solution which, so far as the Mexican Government was concerned, could be none other than the withdrawal of the so-called Punitive Expedition. With this object in view, General Alvaro Obregón, Secretary of War and Navy, representing the Mexican Government, and Generals Hugh Scott and Frederick Funston, representing the American Government, held a conference at El Paso, Texas. This conference succeeded in formulating a memorandum project in which General Scott declared that the dispersion of Villa's band had been accomplished and consequently the American Government had decided to begin the withdrawal of its troops under the promise of the Mexican Government to furnish an adequate frontier guard against raids such as that at Columbus; but since it was also stated, as a condition for the withdrawal of the American forces, that the American Government might suspend the withdrawal if for any reason it was convinced it had misjudged the ability of the Mexicans to guard the frontier, the Mexican Government refused to agree to the memorandum referred to, because the power to decide on the evacuation of the national territory—a matter which pertained to the sovereignty of the country—could not be left to the judgment of the American Government.

During the conference a party of bandits attacked an American garrison at Glenn Springs and crossed immediately afterwards to the Mexican side at Boquillas; fearing that additional troops would cross the border because of this incident, my Government instructed General Obregón to notify the United States that the crossing of that nation's soldiers would not be permitted and ordered the military commanders on the frontier not to consent to further crossings.

These conferences ended May 11 of the same year without any practical result having been gained. Despite the statements to the contrary made by General Scott, the promises of friendship made by the American Government, and the good will shown by my Government to do everything possible to make the vigilance along the frontier effective regardless of the many preferential demands for the protection of the interior of the country, new American detachments crossed the boundary line and advanced as far as El Pino, some sixty miles south of the border; the strength of the so-called Punitive Expedition was considerable, and included a large amount of artillery; the American Government not only reestablished the embargo on war material and held up shipments of arms and ammunition on several occasions, but it also held up several pieces of machinery bought by the Mexican Government in the United States, for the manufacture of war materials. Since these acts, unless the situation was soon improved, could not be considered in any other light than a hostile manifestation and a veritable invasion of our territory, my Government in its note of May 1, 1916, placed before the United States of the North a complete statement of all these facts and circumstances. This note enumerated with great clearness the reasons and principles which worked to Mexico's disadvantage, it stated that these facts were opposed to the repeated and definite declarations of the Washington Cabinet, and concluded by insisting on that Government ordering the early withdrawal of its troops, stating that if this could not be done their further advance would have to be opposed with force.

Nevertheless, desiring to make use of all honorable means for reaching a settlement, special commissions were appointed by my Government and that of the United States of the North thoroughly to discuss the matter and reach a solution if possible. Thus were begun the conferences at Atlantic City.

The conflict finally reached a crisis when my Government in defense of the National sovereignty and integrity, was compelled to give orders to use force in repelling the invasion of our territory. The immediate result of this was the encounter at Carrizal in which our soldiers showed their usual bravery, as well as another near Matamoros, Tamaulipas, where the inhabitants, men, women and children alike spontaneously following a patriotic impulse, joined the garrison of the town.

War with the neighboring Republic of the North was considered imminent; but war was avoided through the efforts of the commission just spoken of, and

because of the cordiality and serenity of both Governments which, through diplomatic channels succeeded in bringing the facts to light and in handling this delicate situation with moderation and equity. In these diplomatic relations the Mexican Government established the fundamental principle that it would not accept any discussion in advance of a complete evacuation of national territory by American forces, and our commissioners strictly followed this principle. The American Government in justice to that of Mexico finally completely withdrew the so-called Punitive Expedition from our soil, and has accredited its Ambassador who, after being given the prescribed formal reception, has taken up his residence and assumed his duties in this Capital. My Government has also named the personnel of our Embassy which is now established in Washington.

To enumerate completely all matters referring to our relations with the American Government I should mention another incident although it has not the serious and annoying character of those matters already discussed.

In February 1915 the rebel uprising in Yucatán occurred under the leadership of Abel Ortiz Argumedo, who finally occupied the entire State, Quintana Roo, and a part of the State of Campeche. It is well known that all of the Yucatán traffic passes through the port of Progreso, and, partly to prevent the rebels from receiving reinforcements and war materials, partly because the Mexican transport *Progreso* was blown up in this port, the Constitutionalist Government closed the port.

On account of this the American Government made representations before my Government for the purpose of obtaining a suspension of the action alleging that it injured the interests of American business men who had extensive business in henequen, the principal product of Yucatán, and giving as an additional reason that the steamer *Wisebrooc* carrying cargo for Progreso was held at the port of Campeche.

The Constitutionalist Government immediately sent forces and material to Yucatán to oppose the rebels; the campaign undertaken against them was conducted with great rapidity and met with complete success; the port of Progreso was quickly opened to the traffic of the world and this diplomatic incident was closed.

At the present no question of this character is pending with the United States of the North, and consequently, I am greatly pleased to be able to tell you on this solemn occasion that our affairs with the great Republic of the North are being conducted in a spirit of manifest cordiality nourished by a sincere and earnest desire on the part of both Governments, to establish closer relations between the two neighboring people on a basis of mutual and absolute respect for national honor and integrity and of the most ample liberty in the exercise of sovereignty.

Notwithstanding this, I should at the same time inform you that the Government of the United States, although all reason for friction has completely disappeared, has not up to date removed the embargo against arms and ammunition which was imposed at the time of the assault on Columbus by Villa and his lieutenants, and because of which a number of shipments of ammunition and supplies from the United States have been held up by the Government of that country.

The same principles that have guided the conduct of my Government in its relations with the United States have been observed in the concentrated effort made to develop closer relations with a more fraternal feeling for Latin-American nations with which Mexico has the strongest bonds of union by reason of origin, ideals and common interests. These people and their respective Governments have cooperated heartily and even with enthusiasm in this altruistic labor from which we may mutually hope for the most abundant return to the advantage of all, especially in the development we may eventually attain in our mutual commercial relations, which as everyone knows, contribute greatly to strengthening the bonds of friendship and mutual regard.

With this in view the Republic has increased the personnel of its diplomatic service and has added to its legations. I am glad to state here that mutual expressions of consideration and sympathy which have been noted in our relations with these countries have been most eloquent and significant and demonstrated a strong tendency towards continually making these important relations still more cordial. * * *

FINANCIAL AFFAIRS.³ DECREE RELATIVE TO LAW OF PAYMENTS.
SEQUESTRATION AND LIQUIDATION OF BANKS IN MEXICO.
SOLE BANK OF ISSUE. MEXICAN LOAN NEGOTIATIONS

File No. 812.51/258

Mr. Parker, representing American interests, to the Secretary of State

No. 522

MEXICO CITY, September 20, 1916.

SIR: For the information of the Department I have the honor to enclose herewith, in triplicate, a copy of the Decree of General Carranza, dated September 15, 1916, relative to the "Law of Payments", together with a translation of same.

I have [etc.]

CHARLES B. PARKER

[Inclosure—Translation]

DECREE DATED SEPTEMBER 15, 1916, RELATIVE TO THE LAW OF PAYMENTS

Venustiano Carranza, First Chief of the Constitutionalist Army, in charge of the Executive Power of the Union, in view of the extraordinary faculties of which I am vested, I have seen fit to decree as follows:

LAW OF PAYMENTS

CHAPTER I

GENERAL DISPOSITION

Article 1. The present law shall be applied to all cases involving a loan of money, regardless of the date of the obligation, or of the express money stipulations celebrated between contracting parties, unless there be a determined exception in the same law.

Article 2. The paper peso of the *infalsificable* issue has unlimited liberatory power for its nominal value and it is not only legal tender but obligatory. Therefore, all money loans are complied with the delivery of the fiduciary currency of the *infalsificable* issue, in the terms prescribed by this law; all money loans referred to in Articles 1453, 2690 and 2968 of the Civil Code of the Federal District, of the Civil Codes of the States and of the Commercial Code, shall be ruled by the present law, for the period during which the decree of June 21, 1915, shall remain in force, which decree authorizes the emission of the notes designed for the purpose of unifying the fiduciary currency of legal tender. During the period during which this law may remain in force the legal dispositions above mentioned are hereby derogated, except for the special cases, expressly determined in this same law.

Article 3. For the effects of the present law, the *infalsificable* bill shall in no case be considered in relation to the silver peso with a value less than twenty cents national gold for the peso, which is the decreed guaranty in favor of said paper money at the present time; if in the future this guaranty should be increased, the relation which in that case shall be fixed will be proportionate to the increase.

Article 4. For the application of this law four different periods are hereby established:

I. The normal period, that is to say, the period during which there was no sensible alteration in the value of the fiduciary money. The conclusion of this period is fixed on the 15th day of April, 1913.

II. The period between April 15, 1913, inclusive, and September 10, 1914.

III. The period between September 10, 1914, inclusive, and April 30, 1916.

IV. The period which commenced with the emission of the *infalsificable* fiduciary money, on the 1st of May of this year.

³ Continued from For. Rel. 1916, pp. 626-649

Article 5. All money loans contracted during the first period will be considered as if they had been made in silver, regardless of the tenor of the respective documents, or of the verbal contract in such case, and shall be paid in *infalsificable* fiduciary money, delivering five times the amount of the silver loan. Such loans as have been contracted in foreign currencies shall first be reduced to national gold for the effects of the present article in conformity with the official equivalents established for the application of Stamp Taxes.

Article 6. All obligations contracted during the second period shall be considered as having been made in bank-notes and shall be paid delivering four times the amount of such loans in *infalsificable* fiduciary money.

With respect to contracts in foreign currency the previous article holds good.

Article 7. All obligations contracted during the third period shall be considered as having been made in paper money and shall be paid delivering the same amount as that received in *infalsificable* fiduciary money at par value.

Article 8. All the obligations contracted during the fourth period shall be considered as having been made in *infalsificable* paper and shall be paid in same fiduciary money, at par, except when a special contract has been made on certain specie, but in no case currency retired from circulation shall be delivered.

Article 9. Confidential deposits shall be returned delivering the same specie deposited. In the case that deposits of illegal currency may have been deposited they shall be delivered to the respective office by the depositary and the latter is obliged only to prove delivery to the depositor.

Article 10. When it appears clearly expressed that in loans made during the third and fourth periods it was intended to make the contract in a fixed specie the contract will hold as stipulated, as regards both the capital and the interests; but if it be in a foreign currency the debt will be paid delivering national gold at the rate prevailing on the date of the expiration.

Article 11. For the effects of the previous articles, if the document contracting a loan be a letter of exchange or draft, in order to determine the date of the transaction, the day when the provision of funds was made, will be considered.

Article 12. If during periods 3 and 4 referred to in Article 4 of this law, there has been a renewal of contract in regard to certain specie for the compliance of the obligation, the stipulation in this renewal will be followed, as if a new contract had been made.

Article 13. For the effects of the previous article a renewal of debt in regard to certain specie will be understood when conformity has been expressed for the receipt of the specie which is or may have been in circulation on determined date.

Article 14. The earned interest before the enforcement of this law shall be paid in *infalsificable* paper at par. The interest or any other periodical loans which may become due from the enforcement of this law, shall be paid in *infalsificable* paper at par value.

Article 15. If in the contracts celebrated during periods 3 and 4 there shall be express stipulation respecting the manner in which the periodical loans should be paid, the stipulation will hold, but in the debts of foreign currency they must be reduced to national gold at the rate prevailing on the day of the expiration.

Article 16. It is declared that no delay has been incurred by those who may have made deposits or consignations in paper money according to their contracts. All the interested parties are under obligation, in order to enjoy the benefits of this article, to make new deposits in *infalsificable* paper, when it is thus stipulated, in proportion to their debts according to the bases established by the previous articles and they must make such deposits within a month from the date this law goes into force.

Article 17. In cases when consignations have been made in paper money of legal emissions, different from that of the *infalsificable* for loans contracted during the first and second periods, the debtor is obliged to increase such consignations, making a new deposit four and a half times as much for the first period and three times and a half as much for the second, because the amount of money consigned in the first deposit is considered as having a value of ten cents national gold, therefore equivalent to half as much in *infalsificable* money.

Article 18. The party in whose favor such deposits in money of legal emissions is left, different from that of the *infalsificable*, may collect the corresponding certificates which the respective office shall issue in accordance with the Decree of May 31, 1916.

Article 19. In the case that a deposit has been made in paper money different than that of the *infalsificable* during the months of May and June of the present year of 1916 and for debts previous to these months, the consignee is obliged to make a new deposit in *infalsificable* paper.

Article 20. Such deposits made in public offices or institutions authorized for that purpose shall be considered as having been made in the respective office to the effect of being exchanged for gold certificates in conformity with the Decree of May 31, 1916.

The offices where such deposits have been made shall send immediately to the exchange office a statement of them and the species deposited.

The exchange office shall remit to the authority recipient of such deposits the corresponding certificates.

Article 21. The payment to be made as a consequence of contracts celebrated at the time when certain currency, which has been declared null by the Constitutionalist Government, had liberatory power, must be paid in *infalsificable* paper at par value, except in the cases when contracting parties had foreseen something relative to the nullification of the paper in which the contract was made, or a change of one paper into another, in which cases the stipulation will hold.

Article 22. The following cases are comprised in this law:

I. The consignment cases notwithstanding the state of the judgments and even in the case in which resolute sentence has been passed but not executed.

II. The payments attempted before administrative, political and military authorities when the debtor has not received the loan.

III. The payments which may have been refused by the debtor notwithstanding the fact that the extinguishment of the obligation may have been juridically decreed.

In these cases the cancellations in the public registers are not considered as having been made.

Article 23. In cases of auction adjudications will not alter the juridical situation acquired by creditors of greater rights; in such a way that the property referred to shall pass to the grantee with all the burden, unless they involve debts already due, in which case they must be liquidated.

Article 24. All the payments proceeding from civil responsibility for noncompliance of a contract, shall be made as the rest of the loans, the date of the celebration of the contract determining the obligation of the payment.

Article 25. In cases of controversy between the general dispositions contained in this law and some precepts of the legislation in force, it is for the judge to resolve, giving preference to the former, in view of the fact that this law is of general observance in all the Republic.

Article 26. In cases when the application of the present law does not appear quite clearly and in cases omitted by it, the authority to whose knowledge it has been brought shall make up a statement with copies of all the evidence of the case together with a report sending it to the Department of Hacienda in order that it may dictate the decision.

Article 27. Credits of fiscal order and in favor of the Federation are subject to the special dispositions of the Department of Hacienda; therefore, this law does not apply to controversies arising thereof. In doubtful cases the Department of Hacienda will determine what may be deemed appropriate.

Article 28. Insurance companies and institutions having the guaranty of the General Government, shall be ruled by special law in all their operations. Credit institutions shall also be ruled by that special law; with reference to the banks of issue to bills and deposits to a date of payment not to exceed three days; for mortgage banks to payment of mortgage bonds; and for the banks of agricultural loans to payment of cash bonds.

Article 29. All the dispositions contained in the present chapter shall always be applied to cases, except when it is otherwise expressly determined in the following chapters, in which case it must be resolved accordingly.

Article 30. In the case that the interested parties prefer administrative proceedings to judicial proceedings for the resolution of a doubtful point for the application of the present law, they shall apply to the Department of Hacienda that it may resolve the controversy.

Article 31. Any person interested in the application of this Law shall consult the Department of Hacienda for the solution of any point which may appear doubtful on the dispositions of same.

CHAPTER II

TITLES SUBJECT TO MORATORIUM

Article 32. The following persons shall have a right to reject payments, be it total or partial, on capitals, during a year's time from the enforcement of this law, notwithstanding the facts that payments become due:

I. Purely beneficiary institutions, with respect to their invested capitals.

II. Municipal governments.

III. The persons classified by the Civil Code of the Federal District and of the States as being incapable naturally and legally, provided always that their capital is less than 20,000 pesos national gold.

IV. Those ailing of incurable sickness or having physical defects as to be incapable of working in the judgment of the judge and who may possess a capital less than 20,000 pesos national gold.

V. Women and elderly people which having no one to look after them or are living alone and possessing a capital less than 20,000 pesos national gold.

Article 33. Only such creditors whose credits may not have been renewed and which may have been constituted in their favor during the first and second periods have a right to use of the moratorium.

Article 34. A creditor having a right to the moratorium may demand the payment of his credit in accordance with the dispositions of this law, renouncing in this case the moratorium.

CHAPTER III

SWINDLING AND USURIOUS CONTRACTS

Article 35. In the cases when credits cause interests of more than 20 per cent per annum, and in those in which there may have been notable injury or loss, the debtor shall free himself paying in *infalsificable* paper the corresponding amount in conformity with the articles pertinent thereto of this law, in the understanding that he shall never be obliged to pay in paper money at par value, a sum larger than the one to which his debt amounts.

CHAPTER IV

* SOCIETIES, ASSOCIATIONS AND PARTNERSHIPS

Article 36. In the cases of societies, of associations, or partnerships, there being a written contract or not, the payments for utilities or dividends shall be made in *infalsificable* paper, in the equivalent amount to that of the specie in which the payment should have been made on the date the utilities were obtained, except by stipulation otherwise in regard to the date in which the debt be demanded.

CHAPTER V

RENTS

Article 37. The proprietors of city and rural properties receiving rents by virtue of rent contracts, celebrated during the first and second periods, shall have a right to charge three times as much the amount of the rent agreed upon for the first period, and two and a half for the second. Those who may have celebrated contracts during the third period shall charge the stipulated rent at par value in *infalsificable* paper. Contracts celebrated during the fourth period remain the same.

Article 38. Unpaid due rents shall be paid as established by this law by periodical payments.

Article 39. Deposits constituted as a guaranty for the payment of rent shall be considered as common debts and shall be paid according to the general rules, the date of the obligation being determined by the date on which such deposits were constituted.

CHAPTER VI

PROMISSORY NOTES WITH COLLATERAL SECURITY AND PAWNSHOP TICKETS

Article 40. Promissory notes with collateral security and pawnshop tickets which may have been extended to accredit debts during the first and second periods are subjected to the following rules.

a. If the amount is less than \$50 they are payable in paper money at par value.

b. If more than \$50 but less than \$500 the debtor shall free himself upon payment of twice the amount in paper money.

c. If exceeding \$500 charges will be collected in the proportion fixed by this law.

Article 41. With regard to the promissory notes with collateral security and pawnshop tickets which may have been extended in order to accredit a debt after the date of the second period they must be paid according to the general dispositions of this law.

Article 42. The provisions of the preceding article are also applied to renewed pawnshop tickets.

TRANSITORY

The proportions fixed for the payments in this law, with relation to the money of the *infalsificable* issue, shall last in force for six months beginning with the date of this law. After that mentioned period the Department of Hacienda will determine whether the mentioned proportions are to be altered or whether they must remain as provided in this law.

Therefore, I order its printing, publishing, circulation and due compliance.

Constitution and Reforms

Given in the City of Mexico on the 15th day of September, 1916.

V. CARRANZA

File No. 812.51/259

The German Ambassador to the Secretary of State

[Translation]

J. No. A 5963

IMPERIAL GERMAN EMBASSY,
Rye, N. Y., September 22, 1916.

MR. SECRETARY OF STATE: In connection with the new banking laws enacted by General Carranza, President of Mexico, and relating chiefly to Mexican note banks, a further decree has also been issued according to which the repayment of obligations entered into in previous years is to be regulated, this being done in such a manner that all debts incurred before April 15, 1913, are to be repaid by an amount 5 times that of the original, that is, \$5,000 are to be paid for \$1,000, and debts incurred up to September 10, 1914, are to be paid by 4 times the amount, that is, \$4,000 for \$1,000, in the present government money, called *infalsificables* (uncounterfeitable).

While almost all credits extended have meantime been paid back to the banks in practically worthless paper money, without their being able under the existing Government decrees to refuse to accept payments, it was impossible for them to pay off deposits in the same way.

Now the banks must settle their still existing obligations in the above manner. In case these decrees are carried into effect, it will mean the bankruptcy of the existing banks, foremost among which are the foreign ones—English, French, American and German.

As the United States Government is interested in the matter the same as the Imperial Government, I deemed it urgent to call your excellency's attention to the decrees of General Carranza. I should be much obliged to your excellency if you could inform me whether the American Government thinks of taking any, and if so what, steps before the Mexican Government in this behalf.

Please accept [etc.]

J. BERNSTORFF

File No. 812.51/262

Mr. Parker, representing American interests, to the Secretary of State

[Telegram]

MEXICO CITY, *October 11, 1916, 6 p. m.*

475. Reliable information indicates that another decree is in preparation to supplant the Law of Payments decreed by Carranza on September 15.

PARKER

File No. 812.51/259

The Secretary of State to the German Ambassador

No. 2146

DEPARTMENT OF STATE,
Washington, October 12, 1916.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note of the 22d ultimo, in which you call the Department's attention to the decree promulgated on September 15, 1916, by General Carranza, First Chief of the Constitutionalist Army, in charge of the Executive Power of the *de facto* Government of Mexico, whereby the repayment of obligations entered into in previous years is to be regulated.

You point out the hardships which the enforcement of this decree and others will put upon the banks in Mexico, foremost among which are the foreign banks—English, French, American and German—and you ask whether the Government of the United States is thinking of taking any steps before the Mexican Government in the matter, and, if so, what steps.

In reply, I have the honor to inform your excellency that on the 6th instant I sent to the American members of the American and Mexican Joint Commission copies of the translation of your excellency's note, for their consideration.

Accept [etc.]

ROBERT LANSING

File No. 812.51/258

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, October 16, 1916, 5 p. m.

496. Reference decree entitled Law of Payments, copied with your 522, September 20, 1916.

In applying terms of decree to contracts executed prior to orders General Carranza creating paper money, which decree aims to compel creditors to accept such money in discharge of obligations, decree is given retroactive effect apparently contrary to Mexican Constitution. In providing that without regard to the express stipulations of the contracting parties as to the money in which contract payments shall be made, creditors must accept paper currency at a fixed ratio to coin, which is far in excess of the commercial value of the currency, the decree clearly appears to impair the obligation of contracts. In

directing the courts to give preference to the provisions of this decree which may be in conflict with existing law, the executive power appears to assume judicial functions contrary to the Mexican Constitution thus laying the foundation for denials of justice. In excepting several classes of persons from the operation of decree, the *de facto* Government has obviously attempted to exercise discrimination, in disregard of the generally accepted principle of jurisprudence that all men shall be equal before the law.

As a practical matter, the decree will operate as a measure of confiscation of the vastly greater portion of indebtedness contracted prior to the coming into power of the *de facto* Government of Mexico and still unpaid.

You will inform the appropriate authorities that because of the foregoing considerations, the Government of the United States cannot be expected to recognize the right of the Mexican Government to apply the terms of this decree to American citizens, and that it will so advise those of its citizens who may seek its advice.

LANSING

File No. 812.51/271

Mr. Thurston, in charge of American interests, to the Secretary of State

No. 627

AMERICAN EMBASSY,
Mexico City, December 18, 1916.

SIR: I have the honor to transmit, herewith, a translation of the decree mentioned in my telegram of December 16, 4 p. m.,² relative to the Law of Payments and subsequent amendments thereto.

I have [etc.]

WALTER C. THURSTON

[Inclosure—Translation]

DECREE DATED DECEMBER 11, 1916 RELATIVE TO LAW OF PAYMENTS

Venustiano Carranza, First Chief of the Constitutionalist Army, in charge of the Executive Power of the Nation, in use of the faculties with which I am vested and, Considering:

First—That the economic situation and the relation of paper money to metallic currency has so changed since September that the forms of payments established in the Law of September 15, 1916, are now impracticable, notwithstanding the fact that the period then established has not yet expired;

Second—That in view of the reappearance of metallic currency in the market and the difficulties impeding the circulation of paper money together with it, public interest demands that the monetary basis for the fulfilment of obligations be made uniform, and on this base is established the definite reformation of the Law of Payments, equitably dividing the profit or loss attendant upon a payment of money incurred by the changing of currency;

Third—That it being necessary to reestablish the Constitutional Government of the Republic as promptly as possible, it is convenient to maintain for a short time the definite regulation of relations between creditors and debtors, which was dealt with in the Law of Payments already referred to, till such time as the Constitutional powers are in normal operation, which will also permit the awaiting of a favorable change in the conditions of the circulation of metallic currency;

Fourth—That, in so far as the payment of rents is concerned it is necessary to establish provisional rules, to the end that special remedies may be discovered lacking which, as per the preceding consideration, due disposition will be made;

²Not printed.

I have, therefore, seen fit to decree as follows:

Article 1. From the date of this decree the dispositions of the Law of Payments of September 15, 1916, and subsequent circulars, are suspended. This suspension shall last until once reestablished the Constitutional Régime in the Republic, the legally constituted public authorities shall issue laws or general dispositions applicable to contracts, obligations and deliveries of money as dealt with in said law.

Article 2. During this suspension all creditors and debtors are accorded a general moratorium so as not to be obliged to make or receive payments of money against their will.

Article 3. With reference to obligations contracted after the 9th of September 1914, in which it is expressly stated that the payment will be in metallic currency, the payment will be made as stated.

Article 4. The interested parties are granted the right to mutually arrange the payment or cancellation of an obligation.

Article 5. All suits relating to money payments which may be before any tribunal remain in suspension during the time specified in Article 1 in that status which they have at the time this decree is issued.

Article 6. There are also included in the preceding dispositions all monetary obligations in which, as creditors or debtors, those institutions holding the guaranty of the Federal Government and mentioned in Article 28 of the Law of Payments, are concerned as are likewise those persons and corporations dealt with in Article 32 of said law. Insurance companies and banks are subject to a special law.

Article 7. Rental contracts are excepted from the moratorium, and the following rules will govern them:

(1) Those unpaid rents due before the date of this decree shall be paid in metallic currency in a proportion of twenty cents for each peso paper money, having in mind, in fixing this rate, the corresponding increases, according to Article 37 of Law of Payments.

If it should be for rents after the 9th day of September, 1914, the amount will be fixed in metallic currency in accordance with the rates fixed by the Secretaria de Hacienda, through circulars.

(2) Rents after the time fixed by the above article shall also be paid in metallic currency in the following terms and proportions:

(a) When the rents are for industrial business, agricultural houses and all types of mercantile or industry houses, rents of fifty pesos or less, shall be reduced to fifty per cent, and those of more than fifty pesos but not exceeding one hundred shall be reduced to seventy-five per cent. Rents of over one hundred pesos shall be paid in full.

(b) When the rents are for residences of thirty pesos or less, they shall be reduced to forty per cent, those exceeding thirty pesos but not fifty shall be reduced one-half and those exceeding fifty pesos shall be reduced to seventy-five per cent.

Article 8. All rent contracts actually in force, and made out in paper money and dated after the 9th day of September 1914, may be waived if this is asked by any one of the contracting parties, giving a notice to the other party sixty days in advance.

Article 9. All dispositions contrary to the terms of this decree, are hereby voided.

V. CARRANZA -

QUERÉTARO, December 11, 1916

[Inclosure 2—Translation]

AMENDMENT TO THE DECREE OF DECEMBER 11, 1916

An amendment to this decree was published next day, as follows:

It being disposed by Section 1 of Article 7 of the Law of Payments of December 14, 1916, that unpaid rents expiring before that date and incorporated in rental contracts subsequent to the 9th of September 1914, should be paid in accord with rates established by this Department, and it having been noted that the text of the law already mentioned as published by the press today contains an important error in Section 2 of Article 7, this Department, to effect the true and legal precept of this last section, declares:

First: That the rates to which the last part of Section 1, Article 7 of the Law of December 14, 1916, refers are those contained in the following table:

	1914	1915	1916
January		28c	9c
February		26c	8c
March		22c	5c
April		18c	7c
May		17c	20c
June		17c	12c
July		10c	10c
August		13c	7c
September	40c	13c	5c
October	40c	14c	3c
November	39c	14c	1½c
December	37c	12c	

Second: That said Section 1 refers to rents due previous to the 14th instant, the date of the decree, and Section 2 of Article 7 to those due after that date. With regard to the first, if relating to rentals of the first or second periods fixed in Article 4 of the Law of Payments of September 15, 1916, they shall be paid at the rate of 20 cents on every paper peso with the increases of three and two and a half times respectively specified in Article 37 of that law; and if it relates to rentals after September 9, 1914, that is, the third and fourth periods fixed in Article 4, the payment shall be made for the whole amount according to the table of rates contained in this circular.

Third: With relation to the rentals due after the date of the last law, i. e., the 14th of this month, the amount, whatever may be the date of the renting, will be paid reduced to the amounts expressed in incipits "a" and "b" of Section 2 of Article 7.

R. NIETO

MEXICO, December 16, 1916.

File No. 812.516/157

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 25, 1917, 4 p. m.

631. Telegraph immediately present status affairs National Bank of Mexico and Bank of London and Mexico; also telegraph aggregate amount of forced loans recently exacted from each bank and important developments resulting from the measures already taken by the *de facto* Government to liquidate these institutions.

LANSING

File No. 812.516/159

Mr. Parker, representing American interests, to the Secretary of State

[Telegram]

MEXICO CITY,
January 26, 1917, 1 p. m.

657. Department's 631, January 25, 4 p. m. Both banks are still in charge of the Government liquidation committees but reliable information indicates that not only has no progress whatever been made toward liquidation but there was never any serious intention of carrying out the proposed liquidation. The action of the Government now appears as an attempt under legal guise to obtain possession of the metallic reserves. This attempt seems to have been successful inasmuch as the National Bank has loaned to the Government

some six million pesos, the loan to be guaranteed by fifty per cent of the export tax on petroleum and paid before the end of this year. The Bank of London and Mexico was asked to loan three millions to be guaranteed by thirty per cent of the export tax on petroleum but declined. The Government officials then managed by a ruse to have the vaults opened and have kept them open. No one outside of the Government officials knows how much has been taken from the London Bank but it is estimated at about four millions. This course of action has the appearance of legality because both banks are theoretically at least in the hands of the liquidating committees which as receivers can dispose of the funds as they see fit. I was told this morning that Carranza had given orders to use force if necessary to obtain possession of the bullion.

PARKER

File No. 812.516/159

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, February 6, 1917, 1 p. m.

654. Your 657. You are instructed to say to the appropriate Mexican authorities that the Government of the United States, as the sincere friend of Mexico, and after careful consideration of the *de facto* Government's procedure against the National Bank of Mexico and the Bank of London and Mexico, views with grave apprehension the apparent purpose to force into liquidation these institutions, in which so many French, British and other nationals are deeply interested as stockholders, and in which many Americans are depositors; and that this Government feels that it would be negligent morally if it did not solemnly advise the *de facto* Government against a course which appears to leave out of consideration the principle recognized and firmly established by modern nations, that foreigners owning property within the jurisdiction of a friendly power are entitled to the protection of the Government of such power.

It is believed that if the most conservative and ably managed financial institutions anywhere were required to comply with such banking decrees as were recently issued in Mexico, during abnormal times, or even at a time of only temporary disturbance of the financial market, it would be practically impossible for them to do so. In the case of the banking institutions of Mexico, where the country has been suffering from abnormal conditions for the past four years, which have most seriously affected all lines of business, with the resultant unbalancing of economic conditions, it would seem to be a measure of confiscation to exact of these institutions the fulfilment of requirements which would be exceedingly difficult to comply with, even if the country were far more nearly in a normal state.

It appears to be established that the concessions of these banks were granted in accordance with Mexican laws, by a regularly constituted Mexican Government. It appears, further, that a Mexican commission, acting under a decree dated September 29 last, investigated the affairs of the National Bank of Mexico and found that it

had fulfilled the requirements of its concession, and that the concession could not be forfeited. Notwithstanding, it has been stated to this Government that the *de facto* Government is proceeding to force into liquidation these institutions, without affording them any recourse whatsoever to vindicate their rights.

The situation of the banks has been brought to the attention of the President, and he states that the manner in which these institutions are being treated by the *de facto* Government leaves little doubt in his mind that the powers whose nationals are affected have real ground for grave complaint. The President, therefore, directs me to lodge a friendly but serious protest against the continuance of such treatment.

The Government of the United States sincerely hopes that the *de facto* Government will not fail to give heed to this Government's solemn advice and protestation in this matter, and it trusts that the apparent decision to abolish the institutions mentioned will be promptly reconsidered, and that as a result, a course of action will be adopted strictly in accord with the dictates of right and justice, as it is only by such a course, this Government is convinced, that the *de facto* Government can avoid unpleasant developments in its foreign relations. Wholly aside from the considerations mentioned, it would seem that the *de facto* government, as a matter of self-interest, would refrain from action looking to the wrecking of the strongest financial institutions functioning in Mexico, which, if properly safeguarded, would doubtless exert a powerful influence in the greatly needed financial rehabilitation of the country.

LANSING

File No. 812.516/156

The Secretary of State to the French Ambassador

No. 1808

DEPARTMENT OF STATE,
Washington, February 7, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's two notes, dated, respectively, December 9 and December 28, 1916,⁴ relating to the reported action of the *de facto* Government of Mexico in violating the property rights of the National Bank of Mexico and the Bank of London and Mexico, both of which are located in Mexico City, Mexico. With your note of December 9, you enclose a copy of a protest which your excellency's Government addressed under date of October 18, 1916, to the representative at Paris of the *de facto* Government of Mexico, in behalf of the French citizens whose investments in banking institutions in Mexico are affected by certain Mexican banking decrees. Your excellency expresses the hope that the Government of the United States will support the action of your Government in protesting against the apparent purpose of the *de facto* Government of Mexico to force into liquidation the National Bank of Mexico and the Bank of London and Mexico.

In reply I have the honor to inform your excellency that the Department's representative near General Carranza was instructed, by telegraph, on February 6, 1917, to lodge with the *de facto* Government

⁴For. Rel. 1916, pp. 645 and 650.

of Mexico an appropriate protest against its apparent purpose to force into liquidation the National Bank of Mexico and the Bank of London and Mexico, in which many French, British and other nationals are deeply interested as stockholders, and in which many American citizens are believed to be depositors.

Accept [etc.]

ROBERT LANSING

File No. 812.516/160

The Secretary of State to the French Ambassador

No. 1810

DEPARTMENT OF STATE,
Washington, February 8, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your excellency's note of January 25,² 1917, in further relation to the reported action of the *de facto* Government of Mexico in violating the property rights of banking institutions in Mexico, and particularly the property rights of the National Bank of Mexico and the Bank of London and Mexico.

In reply I have the honor to refer your excellency to my note of February 7, 1917, in which I informed you that this Government has instructed its representative near General Carranza to make an appropriate protest in the premises.

Accept [etc.]

ROBERT LANSING

File No. 812.516/164

The Secretary of State to Ambassador Fletcher

No. 40

DEPARTMENT OF STATE,
Washington, March 19, 1917.

SIR: Referring to the Department's telegram No. 654, of February 6, 1917, addressed to Mr. Parker, directing him to lodge a protest with the *de facto* Government of Mexico against its apparent purpose to force into liquidation the National Bank of Mexico and the Bank of London and Mexico, there is enclosed herewith, for your information, a translation of a note, dated March 13, 1917, from the French Ambassador at this Capital, from which it appears that further forced loans have been exacted from the National Bank of Mexico.

I am [etc.]

ROBERT LANSING

File No. 812.516/170

Ambassador Fletcher to the Secretary of State

No. 80

AMERICAN EMBASSY,
Mexico City, April 19, 1917.

SIR: I have the honor to enclose text and translation of a decree providing for administrative liquidation of banks, issued April 6, 1917 by First Chief Carranza of the Constitutionalist Army.

²Not printed.

For the information of the Department, Article 5 of the Decree of December 14, 1916 which is modified by the enclosed decree is translated as follows:

If the report of the Board of Receivers shows that the bank cannot cover its liabilities with its assets, the Secretary of the Treasury will order its judicial liquidation in accordance with the Decree of September 15 referred to (1916).

The decree enclosed has not yet been published in the *Diario Oficial* and the text was copied from a local paper.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

DECREE DATED APRIL 6, 1917, MODIFYING ARTICLE 5 OF DECREE OF DECEMBER 14, 1916

Venustiano Carranza, First Chief of the Constitutionalist Army, in charge of the Executive Power of the Nation, in the exercise of the faculties with which I am invested, and whereas

I. The banking institutions which according to the decree of December 14, 1916, should be put in liquidation are at the present time in an undefined situation because, for the reason that it is difficult to arrive at an appreciation of values due to the recentness of the reestablishment of metallic circulation, it is impossible in a short period to determine upon judicial liquidation;

II. The operations of the Boards of Receivers offer continual difficulties in the way of an exact determination of the condition of the institutions of credit which is essential to the definite decision of the manner of liquidation.

III. The continuation of such a state of affairs is prejudicial to the interested parties and makes difficult the realization of the banking precepts contained in the Constitution of the Republic which shall take effect on May 1, 1917, therefore I have seen fit to decree the following:

Article 5 of the Decree of December 14, 1916 is modified as follows:

All banks which in accordance with Article 7 of the Decree of December 14, 1916 are declared in a state of liquidation shall be administratively liquidated. The Executive will prescribe the regulations necessary to avoid, in making such liquidations, disturbances of a general nature, private damage and loss of time. If during the liquidation it should appear that any bank cannot cover its liabilities with its assets, the Ministry of Hacienda may bring the matter before the ordinary judicial authorities to the end that the procedure may take its course in the courts in accordance with the legislation relative to bankruptcy.

The Ministry of Hacienda, in case that criminal acts are proven, will consign the responsible parties to the appropriate criminal authorities.

Therefore, I order that it be printed, published, circulated and given due compliance.

Constitution and Reforms

Given in the City of Mexico the 6th day of April, 1917.

V. CARRANZA

File No. 812.516/177

The British Embassy to the Secretary of State

MEMORANDUM

A written demand was made on the 15th instant by the Carranza Government on the Banco Internacional Hipotecario, which is a Mexican Company but belongs to an English family named Honey, for 225,000 pesos. No reason or excuse was given. On the following day 125,000 were actually taken.

His Majesty's Government consider this incident as one of much importance both in itself and for the precedent which it establishes.

They request the United States Government to concert with them in any action which may appear to the United States Government as likely to be effective.

COLVILLE BARCLAY

BRITISH EMBASSY,
Washington, May 19, 1917.

File No. 812.516/177

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, May 24, 1917, 5 p. m.

205. British Embassy here informs Department that on 15th instant British-owned Banco Internacional Hipotecario received written demand from *de facto* Government for 225,000 pesos; that no reason or excuse was given; and that next day 125,000 pesos were actually taken. British Government requests this Government to join it in such action as may appear likely to be effective.

Confer with British Legation. You may in your discretion make informal protest against this apparently unwarranted action. See Department's 654, February 6, to Parker, as it may be useful in present case.

LANSING

File No. 812.516/177

The Secretary of State to the British Ambassador

MEMORANDUM

The Secretary of State presents his compliments to the British Ambassador, and, referring to his Embassy's memorandum of May 19, 1917, relative to a written demand that has been made on the British-owned Banco Internacional Hipotecario by the *de facto* Government of Mexico, for 225,000 pesos, and to the seizure, on May 16, 1917, of 125,000 pesos of the Bank's funds, has the honor to inform the Ambassador that the American Embassy at Mexico City has been instructed, by telegraph, to confer with the British Legation at that place with regard to the matter, and, in the Embassy's discretion, to make an informal protest against the apparently unwarranted action of the *de facto* Government.

DEPARTMENT OF STATE,
Washington, May 25, 1917.

File No. 812.51/302

The French Ambassador to the Secretary of State

[Translation]

FRENCH EMBASSY,
Washington, July 14, 1917.

MR. SECRETARY OF STATE: My Government informs me that from information it has received it appears that Carranza's need of money

has grown so that his Government cannot live without resorting to still worse measures of spoliation against foreign capital and banks in particular.

Should the pressing applications for financial assistance which he cannot fail to make in Washington be favorably received, at least to the extent strictly necessary to avert his Government's downfall, it may be supposed that there would be a decrease or an end of the spoliations practiced on foreigners. But if this should come to pass, as my Government wishes it may, the Government of the United States will undoubtedly look upon it as an eminently favorable opportunity to stipulate express guaranties in behalf of the interests that have suffered. The assurances which I have had the honor repeatedly to receive from your excellency as to the necessity of fully safeguarding those interests and obtaining, when the time comes, compensation for losses sustained, encourage me to hope that you will concur in those views.

In my Government's opinion, it would be highly desirable, in the event of financial assistance being extended to President Carranza, to stipulate guaranties as to:

1. The provisions inconsistent with international law that are found in the new Constitution, and also all legislation conflicting with public or private law.

2. The spoliations from which the banks have suffered, and the arbitrary measures taken in disregard of the contracts entered into by previous Governments or in violation of the rights of third parties.

3. The injuries of all kinds suffered by foreigners. If insuperable difficulties should be met in presenting a detailed enumeration of these various points, your excellency will doubtless deem it expedient at least to use a formula broad enough to cover all the interests that are to be safeguarded.

I take the liberty of commending these suggestions to your excellency and should be glad to know that, taking into account the magnitude of the damages done or to be apprehended, you will kindly entertain them.

Be pleased to accept [etc.]

JUSSERAND

File No. 812.516/187

Chargé Summerlin to the Secretary of State

No. 349

AMERICAN EMBASSY,
Mexico City, July 23, 1917.

SIR: I have the honor to transmit herewith the text and translation of a Presidential decree directing the liquidation of banks of issue in accordance with the provisions of the Decree of December 14, 1916.

I have [etc.]

GEORGE T. SUMMERLIN

[Inclosure—Translation]

DECREE DATED JULY 7, 1917, DIRECTING THE LIQUIDATION OF BANKS OF ISSUE
IN ACCORDANCE WITH THE DECREE OF DECEMBER 14, 1916

I, Venustiano Carranza, Constitutional President of the United Mexican States, to the inhabitants thereof make known:

That, in use of the powers in the treasury with which I have been vested by the Congress of the Union, and considering

That the liquidation of the banks of issue having been decreed on the 14th of December last year, and it having been decided on April 6 last that such liquidation should be of an administrative nature, it is necessary, in order that due compliance may be given thereto, that a special institution, supervised by the Government, be authorized to make such liquidations from time to time as required; have, therefore, seen fit to decree as follows:

Article 1. The monetary commission is appointed to make the liquidation of banks of issue, which should be liquidated in accordance with the provisions of Decree of December 14, 1916, auxiliary banks (bancos refaccionarios) being included in the law referred to.

Article 2. The monetary commission, as a liquidating institution shall represent the bank in liquidation in the courts and out.

Article 3. The board of directors of each bank shall appoint a supervisor (interventor) possessing the same authority as that granted in bankruptcy legislation to similar officials; the appointment of the person selected for this purpose shall be officially communicated to the Ministry of Hacienda.

Article 4. In case the boards of directors fail to make the appointments of supervisors within thirty days from the date of this decree, the Ministry of Hacienda is empowered to make such appointments.

I, therefore, order that this be printed [etc.].

Done in the National Palace of the Chief Executive in Mexico, July 7, 1917.

V. CARRANZA

File No. 812.51/312

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, August 2, 1917, 8 p. m.

352. In my interview with the President this morning he informed me that he had received offers from two bankers to lend him the money recently authorized by the Congress to be borrowed, and that he believed satisfactory terms could be made if the United States Government did not veto such a loan. I explained to him the interest which our Government has at present in the matter of foreign loans placed in our markets, but stated that I did not believe there was any disposition on the part of the United States Government to place any obstacles in the way of Mexico securing financial assistance. I suggest that I be authorized to say to President Carranza that the United States Government will not oppose his borrowing, if he can, in our market, up to the amount authorized by his Congress. I think it is important for me to be able to say this now, as there is some danger that the bankers, not finding the business attractive, may seek to place the responsibility for failure of the negotiations upon our Government. Personally, I do not believe he can secure loan from private sources but he intends to try and it is important that he should know that our Government does not oppose his effort so that if he fails he will know the real reason.

FLETCHER

File No. 812.51/312

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, August 8, 1917, 6 p. m.

391. You may state to General Carranza that this Government will not veto loan from the bankers of the United States to the Mexican Government. It would be well, however, in discussing the matter with him to suggest as your opinion that the chances of the Mexican Government obtaining such a loan from any bankers are slight unless they are prepared to give some guaranty in regard to general financial reforms and recognition of valid vested interests, and also that there should be some distinct understanding that the money would be paid to Mexico in instalments.

LANSING

File No. 812.516/192

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, August 31, 1917, 3 p. m.

409. It is announced to-day that the Banco Central and the Banco Hipotecario de Credito Mexicano, in both of which French capital is largely invested, will be placed in liquidation by the Government.

FLETCHER

File No. 812.516/195

Ambassador Fletcher to the Secretary of State

[Extract]

No. 505

AMERICAN EMBASSY,
Mexico City, September 25, 1917.

SIR: With reference to the Embassy's recent telegrams and despatches to the Department on the subject of a loan for the establishment of the Sole Bank of Issue provided for in Article 28 of the Mexican Constitution, I have the honor to report that President Carranza has issued a decree fixing April 1, 1918, as the date on which this bank will begin operations, with a capital of not less than five million pesos, and prescribing the manner in which contributions to this capital from the public at large shall be received and accounted for. The text and translation of this decree will be forwarded as soon as it is published in the *Diario Oficial*.

I have [etc.]

HENRY P. FLETCHER

File No. 812.510/196

Ambassador Fletcher to the Secretary of State

[Extract]

No. 532

AMERICAN EMBASSY,
Mexico City, October 12, 1917.

SIR: With reference to the Embassy's despatch No. 505 dated September 25, 1917, reporting that President Carranza had issued a decree prescribing the manner in which private contributions to the capital necessary for the establishment of the Sole Bank of Issue provided for in Article 28 of the Mexican Constitution shall be collected, safeguarded and accounted for, I have the honor to enclose, herewith, the text and translation of the decree as published in the *Diario Oficial*.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

DECREE DATED SEPTEMBER 21, 1917, PRESCRIBING THE MANNER IN WHICH PRIVATE CONTRIBUTIONS TO THE CAPITAL NECESSARY FOR THE ESTABLISHMENT OF THE SOLE BANK OF ISSUE SHALL BE COLLECTED, ETC.

No. 532

I, Venustiano Carranza, Constitutional President of the United Mexican States to the inhabitants thereof make known:

That in virtue of the extraordinary powers in the Treasury in me vested by the Congress of the Union by the act of May 8 of the current year, and considering

That there is a large number of persons who have indicated to the Executive of the Union their desire to contribute to the capitalization of the Sole Bank of Issue to be established in accordance with Article 38 of the Constitution,

That, without prejudice to the negotiations of the Government to secure a foreign loan for the establishment of the said bank, the patriotic offers of the persons who desire to aid in the prompt national reconstruction should be taken into consideration, and that the character with which such offers should be accepted and the form in which the funds shall be collected and utilized should be established,

Have, therefore, seen fit to decree the following:

Article 1. Persons who desire to contribute to the capitalization of the Sole Bank of Issue shall make their deposits with commercial houses which the Department of Hacienda shall designate in each State Capital and the large cities, or with the banking institution in the City of Mexico which the said Department shall select for the collection of funds in the Federal District; and the said commercial houses and banking institution shall deliver to the depositor a provisional certificate for the amount delivered.

Article 2. Federal or State employees who desire to contribute shall make their payments direct to the houses designated without the intervention of their respective paymasters, nor shall the payments take the form of discounts from salaries.

Article 3. The funds collected in the various States by the commercial houses selected for that purpose shall be sent to the banking institution which, according to Article 1, shall be designated to collect funds for the Federal District; and the said institution shall retain on deposit at the disposal of the Department of Hacienda all such funds as well as those it may itself collect.

Article 4. The said banking institution shall issue final nontransferable certificates at par for amounts of twenty, one hundred, five hundred and one thousand pesos respectively, which shall be exchanged for the provisional certificates issued, a final certificate being given in exchange for any number of provisional ones the sum total of which is equivalent to any one of the values mentioned, it being understood that if the amounts deposited by any one person should not reach the total of twenty pesos and thus not enable the holder to exchange the same for a final certificate, such amounts shall be considered as a donation to the Nation.

The funds received from performances or bazaars held for the collection of money for the capitalization of the Sole Bank shall also be considered as donations.

Article 5. Both the provisional and final certificates mentioned in Articles 1 and 4 shall be exempt from stamp taxation.

Article 6. The persons mentioned in Articles 1 and 2 shall be considered as creditors of the Sole Bank for the amounts which they may voluntarily have contributed for the capitalization of the same. Their credits shall draw interest at the rate of five per cent per annum beginning two years from the 1st of April, 1918, within which period the Sole Bank of Issue shall begin operations, unless it is found preferable, in decreeing the organization of the bank, to issue shares for the amounts so collected.

In any case, the Federal Government is responsible for the amounts received for the capitalization of the bank.

Article 7. If it is found, when the Sole Bank of Issue is to begin operations, that the amount collected is less than 5,000,000 pesos, the Federal Government shall furnish the bonds necessary to complete the amount, with which minimum capital the bank shall begin operations. Furthermore, the Government of the Federation shall furnish other assets, to be made known in due time, for increasing the capitalization of the institution stated.

Article 8. The Department of Hacienda shall issue regulations governing the compliance of this decree and shall decide any doubts that may arise in its interpretation.

I, therefore, order that this be printed [etc.]

Given at the National Palace of Mexico on the 21st day of September 1917.

V. CARRANZA

File No. 812.51/409

The British Embassy to the Department of State

MEMORANDUM

On making enquiries of the Foreign Office concerning the transaction between Messrs. Pearson and the Mexican Government it appears that the former entered into an arrangement with the latter on the 14th instant for putting an end to their common partnership in the Tehuantepec Railway, dividing between them the assets of the company which include thirty per cent of the Hawaiian Steamship Company. The remaining assets are £436,000 which represents interest owing to bondholders in Europe, £475,000 the capital of the company together with interest due and £489,000 which represents profit not yet shared and funds raised by bonds for the upkeep of the line and repairs for damage caused during the insurrectionary movement in Mexico. The share due to the Mexican Government amounts to about £400,000 whilst their share of the shipping line amounts to about one million and a quarter to one million and a half pounds.

This arrangement was made solely through stress of circumstances, the Mexican Government having violently taken possession of the railway in April and refusing to return it.

It will thus be seen that there is no question of giving aid to Carranza but merely a dissolution of partnership with its attendant results. His Majesty's Government have understood that the United States Government had no objection to private firms furnishing Carranza with money though they would do nothing to facilitate a loan to him. Furthermore, it is to be remembered that Carranza has on several occasions sought to justify his violent treatment of British interests by the allegation that His Majesty's Government had prevented supplies being granted from the United States. The State

Department are aware that His Majesty's Government have never sought to impose such a veto and should the statement be again made in regard to the present negotiations there will be no course left to His Majesty's Government but to inform the Mexican Government of the reason for its failure.

BRITISH EMBASSY,
Washington, December 31, 1917.

PROTECTION OF AMERICANS AND AMERICAN INTERESTS.⁵ WITHDRAWAL OF AMERICANS FROM MEXICO. DEPREDACTIONS BY YAQUI INDIANS AND BY BANDITS AND STRIKERS

File No. 312.11/8343

Mr. Parker, representing American interests, to the Secretary of State

No. 642

MEXICO CITY, December 27, 1916.

SIR: I have the honor to refer to the Department's telegraphic instruction 550, of November 14, 1916,⁶ relative to the protection of American property in the Yaqui Valley of the State of Sonora, and to enclose herewith a copy of my note to the Foreign Office, dated November 15 [10], and translations of the two notes which I have received from the Foreign Office in the matter, dated respectively December 8 and 13.

I have [etc.]

CHARLES B. PARKER

[Inclosure 1]

Mr. Parker to the Minister for Foreign Affairs

No. 212

MEXICO CITY, November 10, 1916.

YOUR EXCELLENCY: I have the honor to refer your excellency to the contents of my note No. 166, of October 26, wherein, by instruction received from my Government, I had the honor to enumerate certain fatal depredations committed by the Yaqui Indians of the State of Sonora upon various American-owned properties situated in that State. I also would refer your excellency to note No. 876, dated November 6, communicated to me over your excellency's signature, in which note it was stated that, in view of the fact that certain treaties of surrender were being brought to an end with the Yaqui Indians in rebellion against the Constitutionalist Government, the tranquility of the State of Sonora had not been interrupted. The contents of this latter note were transmitted immediately to my Government.

I now have the honor to inform your excellency that I am in receipt of a telegram from the Honorable the Secretary of State of the United States, instructing me to point out to your excellency's Government that it has failed to reply to the request of the Department of State to be informed concerning the action contemplated by the *de facto* Government for the protection of American property in Sonora, and that such a reply is desired at once.

I am further instructed to inquire of your excellency's Government how it can be stated that there has been uninterrupted tranquility in the State of Sonora in view of the depredations upon American properties as set forth by my note No. 166, above referred to.

I have the honor to request your excellency's early response.

I avail [etc.]

CHARLES B. PARKER

⁵ Continued from For. Rel. 1916, p p. 650-682.

⁶ For. Rel. 1916, p. 677.

[Inclosure 2—Translation]

The Subsecretary of Foreign Affairs to Mr. Parker

No. 37

QUERÉTARO, December 8, 1916.

MR. REPRESENTATIVE: Replying to note No. 212, dated November 15, last, in which Vuestra Señoría stated advices had been received to the effect that the Yaqui Indians continued to commit depredations in the State of Sonora, I am pleased to inform you that the citizen military commander of said entity has been urgently recommended to impart protection to properties in that region, national as well as foreign.

I am pleased to renew [etc.]

A. M. SILLER

[Inclosure 3—Translation]

The Subsecretary of Foreign Affairs to Mr. Parker

No. 52

QUERÉTARO, December 13, 1916.

MR. REPRESENTATIVE: With reference to your kind note No. 212 dated November 15, last, relative to the information presented to the Department of State of the United States concerning the fact that the Yaqui Indians had recently committed depredations upon American properties located in the Yaqui Valley, State of Sonora, I am pleased to inform you that, having addressed myself, in connection with this matter, to the citizen military commander of said entity, as I informed you in my note No. 37, of the 8th instant, said chief advises this office that it is not true that the tranquillity of that region had recently been altered, and that the properties of nationals as well as of foreigners enjoyed ample protection.

I repeat to you the assurances [etc.]

A. M. SILLER

File No. 312.11/8327

Consul Dickinson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
San Luis Potosí, December 29, 1916, 11 p. m.

Efforts to get in touch with Torreón by wire or wireless futile. Banditti apparently have taken Torreón. About fifteen hundred foreigners remained there after departure of British Consul with other foreigners.

If Department desires I will get foreigners out of Durango district. It is respectfully suggested timely authority and instruction be given me. I consider they are in danger should Villa take Torreón. An imperative decision of Department and foreign Embassies Washington seems advisable. Just at present I can direct their departure from Durango to safety and secure good service without leaving this city. A telegraphic reply is respectfully requested.

DICKINSON

File No. 312.11/8327

The Secretary of State to Consul Dickinson

[Telegram]

DEPARTMENT OF STATE,
Washington, December 29, 1916, 3 p. m.

Telegraph whereabouts Vice Consul O'Hea, and party of foreigners.

LANSING

File No. 312.11/5327

The Secretary of State to Consul Dickinson

[Telegram]

DEPARTMENT OF STATE,
Washington, January 2, 1917, 5 p. m.

Advise Americans in Durango district to withdraw from Mexico. Department does not feel at liberty to extend this advice to foreigners mentioned in your December 29, 11 p. m.

LANSING

File No. 312.11/5315

The Secretary of State to Mr. Parker, representing American interests in Mexico

[Telegram]

DEPARTMENT OF STATE,
Washington, January 4, 1917, 4 p. m.

601. Request authorities to inform you what action they took on representations made pursuant to Department's December 22, 4 p. m.,⁷ concerning protection American life and property in Parral and Magistral districts.

Pointing out that Department's information indicates that during recent bandit occupation of Parral, Howard Grey, American citizen, was killed and American property was generally looted, ask that guilty persons be apprehended and punished and say that this Government expects that prompt and energetic action will be taken to safeguard any American interests in districts mentioned.

LANSING

File No. 312.11/5344

Vice Consul Blocker to the Secretary of State

[Telegram—Extract]

EAGLE PASS, *January 10, 1917, 4 p. m.*

The following telegram received from Consul O'Hea at Gomez Palacio:

Dangerous trip overland but arrived safely finding conditions secure but difficult. Most of Americans and other foreigners saved themselves by proving other nationality. There is [no] doubt but that departure saved American lives.

BLOCKER

File No. 312.11/5366

Collector of Customs Cobb to the Secretary of State

[Telegram]

EL PASO, *January 31, 1917, 1 p. m.*

Informed by Bishop Hearst about two hundred Mormons remaining Colonia Juarez. Have told him information I consider reliable of Villa's anger upon finding American buildings and stock of provisions destroyed and threat against Americans including Mormon colonists and advised him to urge colonists withdraw.

COBB

⁷ For. Rel. 1916, p. 681.

File No. 312.11/8406

The Secretary of State to Ambassador Fletcher

[Telegrams]

DEPARTMENT OF STATE,
Washington, April 3, 1917, 5 p. m.

88. American interests States Oaxaca and Chiapas report their property menaced by numerous roving bands of revolutionists.

Request appropriate authorities extend adequate protection American property these States.

LANISING

File No. 312.504/82

DEPARTMENT OF STATE,
Washington, April 25, 1917, 5 p. m.

131. Consul Dawson telegraphs striking employees of Eagle Oil Company yesterday assaulted with weapons American official of company. Manager of company, presumably British, was also assaulted. Authorities, although advised of threats, took no precautions, and did not act until British Consul demanded protection and arrest of rioters. Consul has been informed strikers have received anonymous contribution of five hundred American dollars. More serious situation expected May 1.

Take up with appropriate authorities, and request that definite instructions be telegraphed to Tampico officials to take immediate steps to protect American life and property.

LANISING

File No. 312.504/85

Consul Dawson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Tampico, April 26, 1917, 5 p. m.

Strike spread to American Pierce Oil Corporation. Manager, staff and employes driven from plant and threatened. Manager demanded protection and the few policemen sent immediately supported strikers. Tank ship prevented from loading. At the manager's request I demanded protection and chief of arms categorically refused, openly sided with and insisted upon their right to take measures they consider necessary. Strikers therefore in control supported by I. W. W., Military Governor of the State and local officials, all probably backed by German intrigue.

Only course remaining for me is to ask naval commander to afford necessary protection of American lives in the enjoyment of their rights, which I have done.

Furthermore, I am deeply impressed with the great necessity for some decisive action, alleviating the protection refused by the authorities, in order to curb decidedly antagonistic and in all probability pro-German tendencies of the authorities and save self and citizens worse trouble in immediate future.

DAWSON

File No. 812.504/85

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, April 27, 1917, 7 p. m.

140. See Consul Dawson's telegram April 26, 5 p. m., relative to increasing strike disorders at Tampico, and refusal of authorities to afford protection.

Bring matter immediately to attention General Carranza, pointing out to him extreme gravity of situation, and request that orders be telegraphed Tampico authorities to afford adequate protection for American life and property.

LANSING

File No. 812.504/86

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, April 27, 1917, 5 p. m.

139. Your telegram No. 131, and in connection with later reports from Tampico, I have received assurances from the acting Minister for Foreign Affairs that the Ministry of War and Marine will be requested at once to order the military commander at Tampico to take immediate steps to protect American life and property.

FLETCHER

File No. 812.504/87

Consul Dawson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Tampico, April 30, 1917, 1 p. m.

Immediate question at issue has been adjusted satisfactorily as a result naval intervention but strike spreading. Demonstrations may be expected to-morrow.

DAWSON

File No. 812.504/95

Consul Dawson to the Secretary of State

[Extract]

No. 141

AMERICAN CONSULATE,
Tampico, May, 2, 1917.

STR: I have the honor to summarize the strike situation in this city as it has involved this office and the United States naval forces stationed here.

The strike began April 23 with a notice from the I. W. W. organization to the Cia. Mexicana de Petroleo El Aguila S. A. that unless its demands were met within twenty-four hours, which were to expire at 9 a. m. the following morning, they would take radical measures to enforce them. I have before me a copy of this notice and attach same hereto as an enclosure.² The I.W.W. demands were 50% increase

²Not printed.

in wages, the eight hour law (which is now guaranteed under the new Constitution which went into effect May 1), and payment of wages in Mexican gold or American money at the rate of exchange fixed by the Government.

The Aguila Company immediately advised the receipt of this notice to the presidente municipal of Tampico, and requested that steps be taken to protect its property. The British Consul in Tampico informed me also that he had made representations to the authorities. Notwithstanding said precautions, at the expiration of the twenty-four hours the strikers asserted control of the situation, and on the morning of the 25th of April when the English manager of the Aguila refinery, Mr. Coxen, and an American chief of department, a Mr. Emery, endeavored to enter the plant they were brutally assaulted from behind with a club. The manager escaped with a blow on the head through a cork helmet, and was simply knocked down. The American was more seriously injured being struck down with a club after receiving a severe cut with a knife on his right arm. He was unconscious for awhile, and I believe is still in the company's hospital.

With the understanding that this was first of all a matter for the British Consul to handle, I took no part in the representations made. The following day, however, April 26, the laborers of the Pierce Oil Corporation (an American concern) struck, and after warning away all Mexican employees of the plant, about fifty of the active strikers went through the plant with clubs, and compelled all American employees to leave the premises. Then they picketed the plant and refused to permit any and all persons, managers or employees, to enter. They also prevented the master of the American steamship *Mexicana* and some of his crew from boarding that vessel.

Mr. M. H. Warren, general superintendent, demanded protection from the authorities and the presidente municipal sent policemen to preserve order. What occurred when these officers appeared is best shown by a written memorandum to me from the general superintendent as follows:

On the morning of April 26, 1917, about 11.30 a. m. the chief of police of Arbol Grande presented himself at this office with a number of policemen and presented an order to him signed by the chief of police of Tampico, or comandante, ordering him, with the two men who would deliver the order to him, to take four of his policemen and go to the Pierce Oil Corporation Refinery and show the order to the manager of said corporation, and for them to take charge of the policing of the property and to see that no work whatever was performed in the plant, and further that the Pierce Oil Corporation should dispense with the services of their chief watchman, Arturo Garcia, in order that there would be no conflict in authority as the municipal government would take charge of the policing of the property. The comandante of Tampico stated that his orders came from the Presidente Municipal.

By this act alone the authorities took possession of the plant on behalf and carrying out the wishes of the strikers. Mr. Warren thereupon protested to the military authorities of Tampico, seeing that he could get no satisfaction from the civil branch of the Government. The chief of the local garrison, who I believe is also the chief of arms (although I am without official knowledge of this fact), was persuaded to write a letter which Mr. Warren understood to be an order to the proper authority for placing him again in possession of his property, but which was really an order addressed to the strike

leaders ("A los CC. representantes de la huelga de los obreros de la Cia. Pierce Oil Corporation"), to permit six American chiefs of departments of the said company to enter the plant.

Having but a slight knowledge of the language, Mr. Warren left the office of the chief of arms satisfied that his right to protection was recognized; but on having the letter translated and finding that the chief of arms had by virtue thereof really recognized the authority of the strikers, and was merely conceding a restricted permit to Mr. Warren to use his own property by sufferance of the strikers, protested and sought my assistance in regaining the full possession of his property, as guaranteed by the Mexican Constitution.

I at once called on the chief of arms, and although it was about 11.30 in the morning, had to hunt all over the town for him. He was found eventually carousing in the Casino Tampiqueño. I politely laid the matter before him and for my pains was told in a half-leering manner, that Americans had no rights in the matter, which the Government or the strikers were bound to respect, and that the latter had perfect liberty to do as they pleased; furthermore that he would not afford the guaranties requested. It is unnecessary to consider the possibility of a misinterpretation of his attitude for the reason that his words and manner were categorical and constituted an emphatic denial.

I then consulted the senior United States naval officer present in these waters, Commander Symington of the U. S. S. *Tacoma*, as to what should be done. He counseled another effort under more favorable conditions the following morning. Consequently the following morning, April 27 at 11 a. m. I called on him at his hotel. The result of this interview was that he offered to give a written answer by three o'clock the same day.

After waiting in vain throughout the afternoon and night, and being informed that he had again been bulldozed by the I. W. W. into a second change of front in their favor, on the 28th instant I placed the whole matter in the hands of Commander Symington by formal communication (copy attached),² and at the same time despatched a note (translation attached)² to that effect to the chief of arms, in which I also requested an interview for Commander Symington at 11 a. m. the same morning.

It is my understanding that Commander Symington transmitted to the Navy Department a full report of this incident and his part therein, hence I will not go into details more than to say that his interview was marked by that degree of candor and sincerity combined with blunt finality so necessary in dealing with Mexicans and especially with the semi-savage element in control here, an element which is not amenable to reason, logic or the dictates of decency and law; and as a result the chief of arms promised to send, and did send within a few hours, his written offer of guaranties, which I was informed was made effective at the plant of the Pierce Oil Corporation. He did it, however, only because he feared the consequences of a further refusal to do so.

I have [etc.]

CLAUDE I. DAWSON

² Not printed.

File No. 312.11/8447

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, May 31, 1917, 7 p. m.

217. Department reliably informed Indians on 14th and 21st instant raided American property in Yaqui Valley. American farmers in Valley assert permanent protection against further depredations will make possible cultivation several hundred thousand acres for wheat production, but they fear their lives will be in danger unless such protection is furnished.

Immediately take up with appropriate authorities and urge them to take prompt steps to afford adequate and permanent protection for American life and property in Yaqui Valley, pointing out great importance having under cultivation largest possible acreage at this time.

LANSING

File No. 312.504/106

Ambassador Fletcher to the Secretary of State

No. 203

AMERICAN EMBASSY,
Mexico, June 6, 1917.

SIR: With reference to the Department's telegram No. 131, April 25, 5 p. m., relative to the report that striking employees of the Compañía Mexicana de Petróleo El Aguila, S. A. at Tampico, had assaulted with weapons American officials of that company, I have the honor to state that, in reply to my representations in the premises, the Foreign Office informs me that the Governor of the State of Tamaulipas rendered a telegraphic report to the effect that orders had been issued to investigate the matter, and to afford adequate protection to the lives and interests of American citizens at Tampico. The Foreign Office also states that according to a report of the Department of War and Marine, orders of a similar nature were issued by that Department, and that a satisfactory solution of the situation had been found.

I have [etc.]

HENRY P. FLETCHER

File No. 312.11/8459

No. 214

AMERICAN EMBASSY,
Mexico City, June 7, 1917.

SIR: With reference to the Department's telegram No. 88, April 3, 5 p. m., regarding the report that American interests in the States of Oaxaca and Chiapas were being menaced by roving bands of revolutionists, I have the honor to report that an answer to my representations in the premises has been received from the Foreign Office, stating that the Department of War has issued orders to the effect that the properties in question be given adequate protection.

I have [etc.]

HENRY P. FLETCHER

File No. 312.11/8460

Ambassador Fletcher to the Secretary of State

No. 221

AMERICAN EMBASSY,
Mexico City, June 11, 1917.

SIR: With reference to the Department's telegram No. 217, May 31, 7 p. m., I have the honor to state that a communication has been received from the Foreign Office to the effect that the matter had been referred to the War Department with the recommendation that orders be issued to afford adequate protection to the lives and interests of American citizens in the Yaqui Valley.

I have [etc.]

HENRY P. FLETCHER

File No. 312.11/8466

Consul Simpich to the Secretary of State

[Extract]

AMERICAN CONSULATE,
Guaymas, June 20, 1917.

SIR: For an exposition of the general Yaqui problem, as it has stood for some years, the Department's attention is respectfully invited to my despatch No. 473, of February 5, 1916.² That despatch gives a brief history of Yaqui uprisings since 1911, an outline of matters in dispute between the Mexican Government and the Yaqui tribe, and also shows to what extent American interests had suffered from Indian depredations in Sonora up to that time; also, the report cited sets forth that, while the Yaquis' pretended cause for grievance is that they have been wrongfully deprived of certain lands, they have not confined their activities to attempts to recover such lands by ousting present occupants, but have raided, robbed and killed many Mexicans and some foreigners throughout practically the whole State of Sonora.

When the despatch above cited was written, i. e., in February, 1916, General Estrada with about 12,000 *de facto* troops, had formed a half circle about the western border of the territory held by the Yaquis, and it was publicly announced—and it was promised officially to the Government of the United States—that an effective campaign to conquer the Yaquis would be immediately begun and carried to success. Unfortunately, the campaign failed. The Mexican troops did not keep up the pursuit after the Yaquis had separated into small bands and retired to the hills. After a few slight skirmishes and half-hearted punitive efforts, the campaign was abandoned, and the larger part of the *de facto* troops withdrawn. Small garrisons were maintained at Lencho, Esperanza and Guaymas.

This was the situation in the Autumn of 1916, and it was then that a few Yaquis, under Chiefs Mori and Matus, came down out of the hills to Lencho (a small town on the S. P. de M. Ry. about 45 miles southeast of Empalme) and asked for a conference with agents of the Mexican Government. These Indians were promptly received, at a conference, by Generals Serrano and Calles. After an exchange of views, the Yaquis promised that they, as representatives of the tribe, would agree that raiding and fighting should cease if in return the

²Not printed.

Mexican Government gave them the use of certain land and also furnished them with certain supplies of food and forage. To this General Serrano assented; and certain land, in the vicinity of Potam on the lower Yaqui River, was given to the Yaquis. To do this, however, it was first necessary to eject various Mexicans and others, some of whom had been long on the land, and had made substantial improvements.

In further pursuit of this agreement, about 1,200 to 1,500 armed Yaquis came from the hills, and camped in huts built for them at the hamlet of Lencho. Food, some clothing and forage for their animals was provided. Expensive baled hay was actually imported from the United States, to be issued to these Indians, for the use of their inferior mules and horses. It is estimated that \$15,000 U. S. currency, or more, was expended monthly, supposedly for the supply of these Indians. The issue of provisions was in the hands of one Colonel Topete, a Mexican army officer. It appears that Colonel Topete actually turned over to the Yaquis only a portion of the supplies received by him. This continued shortening of their food allowance caused dissatisfaction among the Yaquis. From time to time they made complaints. Chief Mori, a young and influential squaw named La Juana and other emissaries went to Hermosillo, to intercede on behalf of the tribe. Also, differences arose among tribal factions. Trouble began brewing between the wild or Broncho Yaquis still in the hills, who had refused to come to the concentration camp, and those at Lencho. In this connection there was issued in January, 1917, a proclamation or manifesto, a translation of which follows, and which was signed by the Yaqui Chief, Luis Espinosa. It reads:

TO THE MEXICAN PEOPLE!

It is hereby made known that we, the primeval inhabitants, who composed the Yaqui tribe and who for 37 years have suffered the pressure of invaders, who by brute force have occupied the lands of this tribe, and calling themselves makers of civilization have forced upon us orphanage and devastation, now therefore we manifest the following to the First Chief of the Constitutionalist Army in reply to his various peace conferences and invitations to us to come down from the mountains to our towns to cultivate our lands and on which peace (he says) depends the tranquility and surety of lives for all the State of Sonora as well as for us, the sons of the tribe.

Therefore, we now make it unanimously known, to-day the 13th of January, 1917, in the camp of Lencho, that we are in accord with his brotherly (fraternal) declarations and advances; but, we desire that he withdraw all garrisons in the Yaqui River (region) which are maintained about the boundaries of this tribe. I, as a good and honorable man, in order to fulfill my part, gave orders to the Yaqui Generals Matus and Mori that they should come down into the pueblos of Vicam and Potam, and I will remain in my present position, hoping that the other pueblos shall be evacuated in order that the others of the tribe may gradually locate themselves and that it may come to pass that peace may make itself firm in Sonora; and in so doing we have given evidence that we desire peace and happiness for our race, because experience has taught us that we can never remain in peace if we live with bayonets around us, or with bayonets in our own hands.

For the Yaqui Tribe,

LUIS ESPINOSA

El General Mayor

The Yaqui Chiefs Subilama, Matus, Montero and Espinosa have apparently had little to do with the concentration camp, but have

remained in the hills. It is possible that these hill Yaquis induced the already discontented colony at Lencho to rise in revolt. At all events, on the morning of May 25 last, a fight started at Lencho. Yaquis, estimated at from 30 to 50, were killed, and about 150 were made prisoners and taken to Cocorit. Just what the Mexican losses were is not known. A few wounded were brought back to Guaymas. One Mexican trackwalker, employed by the S. P. de M. Ry. Co., was murdered, his mutilated body being found near the station.

One story about the fight at Lencho is that the Mexican officials had planned to begin the attack, in order to remove certain troublesome Yaquis. It is established that on the night of May 24, Colonel Topete took troops from Esperanza, including those in the command of one Colonel Felix, and moved them north to Lencho; this would indicate that trouble was anticipated.

After the battle, a considerable number of Yaquis were missing from Lencho, with their arms; it is reported they went to the hills.

Some days after the fight, the 150 Yaqui prisoners were released; it is commonly asserted this action was taken at the request of General Obregon, who is in the neighborhood on private business.

Following the fight at Lencho, General Serrano arrived from Hermosillo with troops. Guards were placed on trains running through the danger zone, and also assigned to protect railway construction gangs. No expedition was sent against the Yaquis who escaped.

On May 24, according to Mr. Sydney Smith, Superintendent of Irrigation at Esperanza for the Richardson Construction Company, a small band of Indians, perhaps 20 of them, came to Block 34 in the Yaqui Valley and robbed a native family. This band went on to Block 90, and robbed a man named Leifer, said to be a naturalized American, of 18 mules. These Yaquis were from Chief Mori's group. Yaquis have also killed cattle in the valley, some of which belonged to the said Richardson Construction Company. On the whole, however, the Yaquis have not molested Americans. With the exception of the cases cited, no American property has been destroyed or stolen. No Americans have been killed. The houses burned during the fighting at Lencho were not owned by foreigners.

About June 20 a small band of Yaquis raided Camp Verde, near La Colorada. As I passed through Torres Junction a train was being loaded with troops, to be sent to Camp Verde.

It is estimated that from 500 to 600 Yaquis are still living peaceably on the lands assigned to them near Potam, on the lower Yaqui River.

The hill Yaquis are reported hard pressed for food, and much dissatisfied with their treatment by the Mexican authorities. The fight of May 25, however, appears to have been a mere local episode, without serious political significance. Viewed as a whole, and all conditions considered, it does not appear that the Yaqui menace is any less or any more serious than it has been for the past three or four years.

I have [etc.]

FREDERICK SIMPICH

File No. 812.504/112

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, July 3, 1917, 5 p. m.

303. Department informed general strike threatened at Tampico. Immediately take up with appropriate authorities, to end that strike may be averted or minimized, and that foreign property may receive adequate protection.

LANSING

File No. 312.11/8471

Chargé Summerlin to the Secretary of State

No. 313

AMERICAN EMBASSY,
Mexico City, July 9, 1917.

SIR: Referring further to the Department's telegram No. 217, May 31, 7 p. m., and to the Embassy's despatch No. 221, June 11, 1917, regarding the reported raiding of American property in the Yaqui Valley, I have the honor to attach a translation of a note from the Foreign Office, dated June 27, relative to the matter.

I have [etc.]

GEORGE T. SUMMERLIN

[Inclosure—Translation]

The Subsecretary of State to Ambassador Fletcher

MEXICO CITY, June 27, 1917.

MR. AMBASSADOR: I have the honor to state to your excellency, in further reference to your note No. 60 which you addressed to me on the 1st instant, that the Ministry of War and Marine, to which I opportunely recommended that orders be issued to afford adequate protection to the lives and interests of the American citizens located in the Yaqui Valley, has informed me that it has taken the measures which the case requires with a view to improving the conditions to which your excellency refers in the note under consideration.

I improve this occasion to renew [etc.]

E. GARZA PEREZ

File No. 812.504/114

Consul Dawson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Tampico, July 16, 1917, 5 p. m.

Strike of river boatmen began following joint refusal employers to meet ridiculous wages and other demands. Companies' refusal entirely [omission] as many boatmen coerced into strike which is organized and led by I. W. W. Spanish and Portuguese leaders who defy Government, boast active support in the United States. They have already coerced the crew and paralyzed operation three American dredging vessels against which I have protested. Authorities have promised protection but their attitude is very ambiguous and lacks public confidence. Untoward developments may be expected unless the policy of this Government is decisive.

DAWSON

File No. 812.504/115

Consul Dawson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Tampico, July 22, 1917, 5 p. m.

General strike has already commenced with every indication early riots and Government well disposed but lacking soldiers to control situation. The agitators received to-day fourteen thousand dollars from Galveston.

DAWSON

File No. 812.504/118

Chargé Summerlin to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, July 25, 1917, 8 p. m.

337. I have received private advice from Tampico to the effect that General Ricaut has arrived there with a force sufficiently strong to handle the strike situation.

SUMMERLIN

File No. 812.504/133

Ambassador Fletcher to the Secretary of State

No. 402

AMERICAN EMBASSY,
Mexico City, August 15, 1917.

SIR: With reference to the labor situation at Tampico, and the general strike which was declared on July 23, 1917, I have the honor to enclose herewith a copy and translation of note No. 353 dated August 6, 1917 from the Foreign Office regarding the strike.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

The Subsecretary of State to Ambassador Fletcher

0353

DEPARTMENT FOR FOREIGN AFFAIRS,
México, August 6, 1917.

The Subsecretary of State, in charge of the Office of the Exterior, presents his compliments to his excellency the Ambassador Extraordinary and Plenipotentiary of the United States of America, and has the honor to state with reference to the attentive *note verbale* No. 57 which Mr. Summerlin was pleased to address to him under date of the 24th of July last relative to the strike at Tampico, that the Subsecretary of State, Interior Affairs, has been pleased to render to him a report on the subject submitted by General Ricaut, Provisional Governor of the State of Tamaulipas. In the said report it is stated that the Internal Navigation Sailors' Union requested an increase in wages and a decrease in working hours, as also an improvement in the quarters and food furnished on board ship; that in view of their not having obtained what they desired, they declared a general strike of all laborers in Tampico, supporting, with this attitude, the petition of the sailors; that such being the status of the matter, the local executive intervened and succeeded in having the laborers return to work and in the employers' receiving them in accordance with the law until such time as the committee on conciliation and arbitration should reach a decision with

regard to the petitions mentioned. At the first meeting of the said committee the question of the working hours and payment of salaries was discussed, the representatives both of laborers and employers apparently being inclined to arrive at a just and proper solution of the difficulty.

Ernesto Garza Pérez avails [etc.]

File No. 812.504/135

Consul Dawson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Tampico, October 1, 1917, 5 p. m.

Strike developed to-day at Aguila Oil Company's plant, one threatened at Pierce Oil Corporation. Increased wage demands averaging over fifty per cent are considered inadmissible.

DAWSON

File No. 812.504/148

The Acting Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, November 16, 1917, 5 p. m.

578. Just informed through Navy that a large number of employees of oil companies have gone on strike without giving notice. During last strike Governor Ricaut had three of the most prominent I. W. W. workers imprisoned. Unless these three released, labor leaders threaten general strike to-day. Governor refuses release men. If general strike called it is believed Ricaut will imprison more leaders.

In opinion of Department, it is important for protection foreign interests that Mexican Government vigorously support Ricaut, as otherwise he may not be able to cope with situation.

POLK

File No. 312.115R39/54

Consul Simpich to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Guaymas, December 6, 1917, 5 p. m.

Yaqui Indians attacked Esperanza to-day burning headquarters Richardson Construction Company. Indians are still in valley. General Mange leaving from here with four hundred soldiers this afternoon. Endeavor restore order. About thirty Americans known to be in valley. No details of fighting. Nothing known yet of welfare House in battle. Letter from auditor Richardson Company says nothing beyond reporting attack and burning of headquarters.

SIMPICH

File No. 312.11/8510

Consul Simpich to the Secretary of State

[Telegrams—Extracts]

AMERICAN CONSULATE,
Guaymas, December 8, 1917, 8 a. m.

My December 6, 5 p. m. Following foreigners killed by Yaqui Indians in raid on Esperanza December 6: Jack Ephler, Henry Foreman or Farnum, Lee Rasmussen, Lucas Voglemut and Fred Hapi. The first is said to have been a naturalized and the others native Americans; their nationality not yet definitely established as they were transients in country. These men were first captured by Indians, then later killed. Three Chinese were also killed and it has been reported to the German authorities that four Germans were killed. This last report may refer to the parties mentioned above who have German names. American colony Yaqui Valley is telegraphing for protection for lives and property; some Indians are reported near Ontagota in Richardson Company's land; only 150 troops left here instead of 400 as telegraphed December 6. Garrison at Esperanza is probably 700. My inquiry as to number unanswered. Yesterday I telegraphed Governor pointing out that Richardson Company for greater safety some months ago removed its general offices to Los Angeles but that lately under penalty of fine it was compelled to return its headquarters to Esperanza where this attack has just occurred and asking Governor as to protection measures. When his reply is received it will be telegraphed. It appears Governor Sobriano is doing all possible with force at his disposal but that Indian situation is occasionally beyond control.

SIMPICH

File No. 812.00/21530

AMERICAN CONSULATE,
Guaymas, December 8, 1917, 3 p. m.

Indian situation is serious. Lack of troops, lack of agreement among generals, and fact that Generals Manzo Gomez and Calles are all much occupied with private business prevents vigorous prosecution of campaign. Undoubtedly Americans at Empalme might easily be massacred should Yaquis decide to attack there as garrison there is often less than fifty or hundred men. In the last few days Yaquis have murdered probably two dozen people on outskirts of Empalme and just outside Guaymas. Presence of American naval vessel in Guaymas Bay for week or two would do much to aid Sonora Government and would have restraining effect on Indians. Last week Indians frightened pumpmen from Guaymas water works station and town is now without water except in daytime, pumpmen fearing to work at night. Contrary to former methods Indians now operating in bodies of several hundred believed under Villista leadership.

SIMPICH

File No. 312.115R39/54

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, December 8, 1917, 4 p. m.

620. Consul Guaymas reports that Yaqui Indians attacked Esperanza December 5 burning headquarters Richardson Construction Company and are still in Yaqui Valley.

Request appropriate authorities to order that sufficient force be immediately dispatched to afford adequate protection to American lives and property in valley.

LANSING

File No. 812.00/21537a

The Secretary of State to Consul Simpich

[Telegrams]

DEPARTMENT OF STATE,
Washington, December 8, 1917, 4 p. m.

Send detailed report on Yaqui situation Sonora.

LANSING

File No. 312. 115R39/54

DEPARTMENT OF STATE,
Washington, December 8, 1917, 5 p. m.

Department telegraphing Embassy to request adequate protection for American lives and property in Yaqui Valley.

Present same request to State authorities.

LANSING

File No. 312.11/8511

Consul Simpich to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Guaymas, December 10, 1917, 1 p. m.

My December 8, 8 a.m. Later and somewhat substantiated reports indicate that of the five foreigners killed by Yaquis near Esperanza December 6 only Rasmussen was an American; Rasmussen, was about twenty-five and came to Esperanza from Sinaloa about November 28 account continued presence Indians in vicinity. Bodies of Rasmussen and four others not yet recovered. In baggage belonging to Rasmussen were following addresses: Edward Rasmussen, Richfield, Utah, and Joe Homen, Danville, Nevada. Jacob Eppler reported to have had first American naturalization papers and was formerly farmer near San Francisco, California.

SIMPICH

File No. 312.115R39/55

Consul Simpich to the Secretary of State

[Telegram—Extract]

GUAYMAS, December 10, 1917, 2 p. m.

Department's December 8, 5 p. m. Governor Sonora replies to representatives that his forces lost commanding officer and many others in efforts to protect Esperanza. Undoubtedly Mexicans made defense. About one thousand troops now at Esperanza. Main body Indians have withdrawn to north but few bands are still appearing in valley southwest of Esperanza stealing cattle. Department's December 8, 4 p. m. See my December 8, 1 p. m. [3 p. m.], also my despatch No. 473, February 5, 1916.² General situation same now as then except that Indians now operating in larger bodies and believed led by Villistas or other renegade Mexicans. Opinion prevails another raid on valley probable. Details by mail.

SIMPICH

File No. 312.115R39/57

Consul Simpich to the Secretary of State

No. 41

AMERICAN CONSULATE,
Guaymas, December 11, 1917.

SIR: In further compliance with the Department's telegraphic instructions of December 8 at 4 p. m., I have the honor to report as follows upon the Yaqui situation in Sonora:

A comprehensive sketch of the origin of all Yaqui and Yaqui land troubles in Sonora, and an exhaustive analysis of the causes leading up to the repeated Indian raids upon the colonists in the Yaqui Valley, is contained in my despatch No. 473, of February 5, 1916,² dated at Nogales, Mexico, to which reference is respectfully made. The general situation has not been changed since the detailed report just cited was written, except that the Indians are now operating in larger bodies than heretofore, and are believed to be led by Villistas or other renegade Mexicans. And for the past three weeks the Yaquis have waged war against the Mexican troops instead of the Mexican troops hunting the Yaquis. In the three most important fights of this last annual campaign, to wit: at Suaqui Grande, Bacojori and Esperanza the Yaquis inflicted greater punishment upon the Mexicans than they themselves suffered at the hands of the State troops.

The situation has become quite serious and the State Government is much alarmed. The actual number of armed Yaquis in the field is difficult accurately to estimate; Mexicans familiar with the Yaqui problem through long residence here, place the number of armed men at 1,200 to 1,500; others say it is much higher. There are probably more than 4,000 men in the hills but it seems fairly well established that they have not arms in the tribe to equip all these men.

The Mexicans now have in the field approximately 4,000 men of all arms, opposing the Yaquis. But, because of the wide distribution of the Yaquis throughout the sparsely settled region of southern Sonora, and because of the amazing mobility of the Indians, it is humanly

² Not printed.

impossible for the Mexicans (with their limited means of transportation) to make long, quick movements of troops and to check every Indian raid, especially since the Indians may strike to-day at one place and a few days later strike unexpectedly at another remote and unprotected point. The Sonora troops have at least 40 machine guns and plenty of rifles; they are short of horses, and much money which is supposed to go for forage and soldiers' pay is dissipated.

Lately a system of registration of tame or noncombatant Yaquis was instituted. Those now found unregistered are punished. More than 1,200 including women and children and aged Indians have been deported to the south. A few, suspected of communicating with the wild Indians in the hills, have been shot. These executions and deportations are said to have roused the fury of the hill Indians and led them to adopt a policy of murder without quarter. Mexican army officers say that the present Yaqui war probably will last all winter.

On December 6 a band of Yaquis estimated at from 600 to 800 attacked the town of Esperanza, where an American corporation called the Richardson Construction Company has its headquarters and near which some thirty or forty American colonists are settled. A detailed description of this fight is made in the report to the said company by its auditor, Mr. W. Ian Hamilton, a copy of which is herewith enclosed.²

To-day a few scattered bands of Yaquis are still camped in the bosque or jungle between Esperanza and the coast although the main body which delivered the attack on Esperanza withdrew to the north. A garrison of about 1,000 mixed Mexican and Indian troops now holds the town of Esperanza but the Americans who are scattered through the valley are constantly exposed to the risk of being killed or at least of having their farms raided. My candid opinion is that there are not enough troops in Sonora adequately to protect these American settlers; and that, bearing in mind the impoverished and unstable condition of the Mexican Government, it is impracticable to expect that the Government of Sonora can do much more than it is already doing to quell the Indians. Hundreds of Mexicans have been killed in the past few years by Yaquis and it is only fair to say that the foreign settlers receive as much military protection as do the native farmers, slight though it is. As was the case with our own Apaches, extermination or segregation seems the only solution of the Yaqui menace; and the immediate attainment of either of these ends is entirely unlikely under the State Government, as at present conducted.

In the fight at Esperanza on December 6 five foreigners were captured by the Yaquis and killed. They were: Lee Rasmussen, Lucas Vogelmüt, Fred Hahn, Jacob Eppler and Henry Tamm. Rasmussen is said by American settlers to have been an American; his nationality is under investigation, not having been definitely established. In baggage supposed to have belonged to him was found the following addresses: Edward Rasmussen, Richfield, Utah; and Joe Hemen, Danville, Nevada. I am communicating with these addresses in an effort to establish the nationality of Rasmussen. Persons for whom Eppler had worked say that he was a German who had

²Not printed.

once lived on a farm near San Francisco, California, and that he had taken out his first American naturalization papers. It has been established by the German Consular Agent here that Vogelmut and Hahn were Austrians and that Tamm was a Swede. Because of the continued presence of Indians in that part of the Valley where these men were cut and beaten to death it has been impracticable to bury the bodies. In due time, when the evidence is all in, form 192 will be prepared in the case of Rasmussen.

I respectfully repeat the recommendation contained in my telegram of December 8 to the effect that an American naval vessel be allowed to remain in Guaymas harbor for a reasonable time. More than two hundred Americans live in the exposed hamlet of Empalme where the Mexican garrison is often as low as fifty or a hundred men; within the past two weeks Indians have killed Mexican woodchoppers, vegetable peddlers and others in the outskirts of Empalme and Guaymas and I believe the presence of an American vessel here would have a certain moral effect.

The American colony in the Yaqui Valley has twice in the last three days telegraphed to me its appeal for aid and protection; obviously, there is nothing I can do to save them from the Indians except to insist as emphatically as I may in communications to the Governor, that he send more troops to the valley. Yet I well know that other threatened points in the Indian country are also calling for troops and that still more troops are needed in the Sahuaripa district to repel possible invasion by Villistas from Chihuahua.

I have [etc.]

FREDERICK SIMPICH

File No. 312.11/8510

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, December 12, 1917, 4 p. m.

627. Department's December 8, 4 p. m. Simpich reports Yaquis killed at least one American, Lee Rasmussen, besides several other foreigners in raid on Esperanza December 6; that American colony, Yaqui Valley, is urgently telegraphing for protection for lives and property; that Government troops are inadequate to handle situation, particularly at Empalme where Americans might easily be massacred should Yaquis decide to attack and that Indians are reported near Ontagota on land Richardson Construction Company.

Urgently insist on prompt dispatch of sufficient additional forces to afford adequate protection American lives and property, pointing out, as reported by Simpich, that Richardson Company for greater safety some months ago removed its general offices to Los Angeles, California, but lately, under penalty of fine, was compelled to return headquarters to Esperanza.

Ask to be advised of action taken. Report.

LANSING

File No. 312.11/8510

The Secretary of State to Consul Simpich

[Telegram]

DEPARTMENT OF STATE,

Washington, December 12, 1917, 5 p. m.

Your December 8, 8 a. m., and 3 p. m., and December 10, 1 p. m. Department telegraphing Embassy urgently to insist on prompt dispatch of sufficient additional forces to afford adequate protection to American lives and property.

Continue your urgent representations to State authorities and keep Department informed.

LIANSING

File No. 312.11/8514

Consul Simpich to the Secretary of State

[Telegram]

AMERICAN CONSULATE,

Guaymas, December 14, 1917, 8 p. m.

Yaqui situation unchanged in past three days except that Esperanza garrison diminished to about three hundred. Some four hundred additional distributed at strategic points along railroad with few in Yaqui Valley at Ontagota. Military authorities advised me last night reinforcements coming from Chihuahua and Sinaloa. Doubted that Chihuahua can spare any troops and no trains ordered yet for moving troops from Sinaloa. Further raids to be expected, in which case American settlers are almost unprotected.

SIMPICH

File No. 312.11/8518

Chargé Summerlin to the Secretary of State

No. 663

AMERICAN EMBASSY,

Mexico City, December 19, 1917.

SIR: With reference to the Department's telegrams Nos. 620, December 8, 4 p. m., and 627, undated, received 9 a. m., December 13, regarding the activities of the Yaqui Indians in Sonora, and their attacks on Esperanza and the properties of the Richardson Construction Company, I have the honor to report the receipt from the Foreign Office of two notes dated the 15th instant, regarding this matter, in both of which the statement is made that the Department of War has been requested to send sufficient troops to the region stated.

I have [etc.]

GEORGE T. SUMMERLIN

File No. 312.11/8515

Consul Simpich to the Secretary of State

[Telegram]

AMERICAN CONSULATE,

Guaymas, December 19, 1917, 10 a. m.

About forty-five Americans in Yaqui Valley. Indians are camped few miles outside settlements. No attempt by Mexican troops to attack them. Opinion is general that further Indian activity likely,

notwithstanding the under-mentioned assurances. No troops from Tepic or Sinaloa are known to be *en route* here. Also for political reasons it is believed Calles does not wish to bring troops from other states to Sonora since local troops are inadequate to suppress Indians. It is probable that depredations will be committed in southern part of State from time to time during the winter. Serious danger and news of further killing may be expected. Americans are remaining in [omission] to protect property and I have permission from Governor to provide ammunition for them, but I consider they are in constant danger. Wire communications reestablished.

SIMPICH

File No. 312.11/8514

The Secretary of State to Consul Simpich

[Telegram]

DEPARTMENT OF STATE,
Washington, December 19, 1917, 4 p. m.

Your December 14, 8 p. m. Department telegraphing Embassy urgently to renew request for prompt and adequate protection of American settlers.

LANSING

File No. 312.11/8514

The Secretary of State to Ambassador Fletcher

[Telegrams]

DEPARTMENT OF STATE,
Washington, December 19, 1917, 5 p. m.

652. Simpich reports American settlers in Yaqui Valley almost unprotected against further raids of Indians which are to be expected.

Urgently renew request for prompt and adequate protection.

LANSING

File No. 312.11/8515

DEPARTMENT OF STATE,
Washington, December 22, 1917, 7 p. m.

660. Simpich reports Yaquis encamped three miles outside settlements, unmolested by troops who, in Consul's opinion are inadequate to deal with situation, thus exposing forty-five Americans remaining in valley for protection of their property to constant danger of attack.

Bring to attention of Foreign Office with renewed representations as to necessity for protection of American lives and property and suggest that if, as appears, Sonora troops are unable to extend adequate protection, troops from outside State be promptly dispatched for this purpose.

LANSING

File No. 312.115R39/57

The Secretary of State to Chargé Summerlin

No. 404

DEPARTMENT OF STATE,
Washington, December 26, 1917.

SIR: Referring to the Department's telegrams Nos. 620 and 627, dated, respectively, December 8, 4 p. m., and December 12, 4 p. m.,

1917, on the subject of the attack on Esperanza and the burning of the headquarters of the Richardson Construction Company by Yaqui Indians, I enclose herewith copies of a despatch and of its enclosure from the American Consul at Guaymas, which give an account of conditions in the Yaqui Valley, and of the attack, by Yaqui Indians, on Esperanza and the burning of the Richardson Company's headquarters.

You will endeavor to impress upon the Foreign Office the seriousness of the situation in the Yaqui Valley as affecting American lives and property.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 312.115R39/57

The Secretary of State to Consul Simplic

No. 29

DEPARTMENT OF STATE,
Washington, December 26, 1917.

SIR: The Department is in receipt of your despatch No. 41, of the 11th instant, reporting further on the Yaqui situation in Sonora, and transmitting an enclosure giving an account of the attack, by Yaqui Indians, on Esperanza and the burning of the Richardson Company's headquarters.

Copies of your despatch and of its enclosure have been sent to the Embassy, for its information in connection with the Department's telegrams to it of the 8th and 12th instant, and the Embassy has been instructed to endeavor to impress upon the Mexican Foreign Office the seriousness of the situation in the Yaqui Valley as affecting American lives and property.

I am [etc.]

For the Secretary of State:
WILBUR J. CARR

PROTECTION OF AMERICAN MINING INTERESTS⁸

File No. 812.63/322

Mr. Thurston, in charge of American interests, to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, December 17, 1916, 11 a. m.

Department's 479, October 12, 3 p. m.⁹ Foreign Office replies that interested parties must address themselves to Department of Fomento stating what period time they require for resuming operations to the end their case be judged according decree of General Carranza covering such matters.

THURSTON

⁸Continued from For. Rel. 1916, pp. 708-740. See also in this volume Protection of American Oil Interests.

⁹For. Rel. 1916, p. 735.

File No. 812.512/1531

Mr. De Negri to the Secretary of State

WASHINGTON, January 4, 1917.

MR. SECRETARY: In compliance with instructions received from the Citizen Secretary of Foreign Relations of Mexico, I have the honor to transcribe to your excellency the following note:

QUERÉTARO, December 25, 1916.

MOST EXCELLENT MR. SECRETARY OF STATE: By direction of the Citizen First Chief of the Constitutionalist Army in charge of the Executive Power of the Union, I have the honor to address the following note to your excellency.

With reference to your polite note, dated the 12th instant, which Mr. Charles B. Parker was pleased to transmit to me, respecting the decree laying export duties on metals and taxes on mining property, issued on the 1st of May, last, I have the honor to say to your excellency that on my reporting the matter to the Citizen First Chief, that High Mandator saw fit to direct that I declare to your excellency that the subject matter of the above-mentioned representations lies exclusively within the province of the Mexican authorities and that, under the principles of international law there is no ground whatever for its being discussed through the diplomatic channel.

If the companies referred to in your note consider themselves to have been injured by the aforesaid decree they may apply to the authorities concerned and take such steps as they may deem expedient to seek a solution conformable to law and justice.

I avail [etc.]

I take pleasure [etc.]

R. P. DE NEGRI

File No. 812 512/1531

The Secretary of State to Mr. Parker, representing American interests

No. 2051

DEPARTMENT OF STATE,
Washington, January 12, 1917.

SIR: Referring to the Department's telegram of December 5, 6 p. m.,¹⁰ directing you to take up with General Venustiano Carranza the question of mining taxes in Mexico, the Department encloses herewith, for your information, a copy of a letter on the subject, dated January 4, 1917, from the local representative of the *de facto* Government of Mexico, quoting a note, dated at Querétaro, Mexico, December 25, 1916, from the Mexican Foreign Office. It will be noted that the communication from the Mexican Foreign Office is in response to the representations made by you under date of December 12, 1916.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 812.63/333

The Secretary of State to Mr. Parker, representing American interests

[Telegrams]

DEPARTMENT OF STATE,
Washington, January 13, 1917, 6 p. m.

613. See Department's 441,¹¹ September 23, and 541,¹¹ November 10, regarding mining decree of September 14 last, and repeat representations you were instructed to make therein, adding following:

¹⁰ For. Rel. 1916, p. 738.¹¹ For. Rel. 1916, pp. 734 and 737.

Present conditions in Mexico are substantially the same as in September last, and, therefore, attitude United States Government towards return its citizens to Mexico remains unchanged. It follows that reasons heretofore advanced by Department in behalf American mining companies against requirement for general resumption of work apply with equal force at this time.

The fact that a few companies near American border have resumed operations should not be used as an argument why others at interior points, or in dangerous localities, should do likewise. However, the Department is informed that this argument is being used by local authorities in the State of Sonora against the American-owned Mina Mexico Company, located in the Sahuaripa District, and it is stated that authorities threaten to confiscate that company's property if work is not resumed by January 15.

As stated in previous representations, American mining companies need no urging to resume operations, upon return of normal conditions, and in view of that fact, it is most urgently requested that the decree complained of be withdrawn, and that appropriate State officials, including those in Sonora, be immediately notified of such withdrawal by telegraph.

Request to be promptly informed of action taken and advise Department.

LANSING

File No. 812.512/1540

DEPARTMENT OF STATE,
Washington, January 25, 1917, 1 p. m.

630. Reference Department's No. 2051, January 12, mining decree. Say to appropriate authorities that the Government of United States emphatically dissents from General Carranza's declaration that subject matter of representations made by you December 12 is exclusively within province of Mexican authorities and that, under principles of international law, there is no ground for diplomatic discussion this matter. On the contrary, this Government holds that it is amply justified in diplomatic intervention respecting *per tenencia* taxes imposed in mining decree of May 1 last, since such taxes are confiscatory in effect, as has been abundantly proven in practice, and are detrimental to many American citizens.

Confiscatory operation of these taxes has been heretofore called to attention of *de facto* Government with relation to cases of a number of American mining companies which have already been forced temporarily to surrender thousands of *per tenencias* on which large amounts of taxes had been paid and which were needed for future operations but could not be held because of exorbitant tax mentioned.

During the past two years the mining industry has protested continuously, both directly and through Department, to General Carranza and Mr. Cabrera against confiscatory character of tax in question but neither the industry nor this Government has ever questioned Mexico's right to impose taxes in accordance with laws properly emanating from Mexican Constitution. However, the Government of the United States is protesting, and will continue to protest, most vigorously, against a system of taxation having for its avowed object, as stated by Señor Cabrera and the late Señor Amador, the absolute

confiscation of the larger holdings of mining claims in Mexico, in which so many American citizens are interested.

In view of foregoing, Government of the United States must insist that the *de facto* Government give said representations of December 12 prompt and adequate consideration and sincerely hopes that the friendly spirit in which those representations were made will be reciprocated by the *de facto* Government, and that attempted confiscation of properties will be avoided by prompt action along lines suggested in such representations.

LANSING

File No. 812.63/341

DEPARTMENT OF STATE,
Washington, January 29, 1917, 5 p. m.

643. See Department's 613, January 13, 6 p. m., and telegraph result your representations. If authorities have not yet answered, renew request to be promptly informed of action taken. Mining companies anxiously awaiting information.

LANSING

File No. 812.63/348

DEPARTMENT OF STATE,
Washington, February 2, 1917, 4 p. m.

647. Your 663, January 30, 4 p. m.² If Mexican authorities will not consent to withdrawal of decree, Department desires you exercise your very best efforts to have time limit further extended.

LANSING

File No. 812.63/355

DEPARTMENT OF STATE,
Washington, February 8, 1917, 4 p. m.

657. Mining decree September 14 last. Telegraph immediately prospects of obtaining withdrawal decree or further extension.

LANSING

File No. 812.63/360

Mr. Parker, representing American interests, to the Secretary of State

[Telegram]

MEXICO CITY, *February 10, 1917, 12 noon.*

674. Department's 657, February 8, four p. m. Am working on matter but see no prospect of withdrawal or extension.

PARKER

²Not printed.

File No. 812.63/360

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, February 12, 1917, 4 p. m.

661. Your 674, February 10, noon. Request that entire matter be held in abeyance until Ambassador Fletcher assumes charge. Telegraph decision as soon as possible.

LANSING

File No. 812.63/362

Mr. Parker, representing American interests, to the Secretary of State

[Telegram]

MEXICO CITY, *February 13, 1917, 12 noon.*

675. Department's 661, February 12, 4 p. m. Minister Fomento Morry informed me that he had taken up with General Carranza the matter of declaring forfeited the properties of such persons as have not complied with decree or asked for extension. He pointed out that five months have elapsed since the issuance of the decree and that he considered that this was sufficient time for interested parties to have shown cause for nonoperation. I do not think decree will be withdrawn but my impression is that no drastic action will be taken although I have nothing official on which to base my opinion. Have again taken matter up with Foreign Office.

PARKER

File No. 812.63/365

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, February 17, 1917, 5 p. m.

669. Reported Mexico City papers, on 12th instant, contained statement that mining decree of September 14 would not be enforced until May 14.

Investigate and telegraph whether this correct.

LANSING

File No. 812.63/372

Vice Consul Coen to the Secretary of State

[Extract]

No. 137

AMERICAN CONSULATE,
Durango, February 17, 1917.

SIR: I have the honor to report that the political and economic conditions in the Durango Consular District are such that it is impossible for the owners of mines to comply with the provisions of the decree dated September 14, 1916, making the operation of mines in Mexico obligatory, with penalty of forfeiture for non-compliance.

In corroboration of the above statement I beg to refer to my despatch No. 136,² dated February 16, 1917, upon political conditions in Durango State, in which despatch the distribution of the *de facto* garrisons are given. It shows that there are no garrisons outside the capital and along the principal railroad, and that all mining districts and the trails leading to them are in the hands of rebels or at least unprotected.

In addition, there are no railroad facilities to bring in supplies or take out ores, even if it were safe for miners and owners to reach their properties or stay there. I understand that not one of the three big smelters is in operation; the one in Torreon has tried several times during the past year to operate but each time has had to close. The Velardena plant has also been closed for more than a year and has no intention of opening at this time. The Monterey smelter, which is the last resort of miners in my district, was closed some months ago.

All these plants would operate, I believe, if it were possible to get fuel and other supplies, but several years' experience and repeated attempts have shown the futility of their efforts.

I have [etc.]

HOMER C. COEN

File No. 312.11/8375

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,

Washington, February 19, 1917, 6 p. m.

1. Reported that *de facto* Government has issued decree requiring all foreigners owning real estate or mines, regardless of time when property acquired, to waive their national rights so far as such properties are concerned.

Telegraph whether such decree issued and if so, forward copy.

LANSING

File No. 812.63/367

Ambassador Fletcher to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,

Mexico City, February 19, 1917, 2 p. m.

2. Your February 17, 5 p. m. By decree of the Minister of Fomento dated February 16, the mining interests which have explained to said Minister the causes which have prevented them from complying with the decrees of September 14 and November 14, will be granted a further last extension to be fixed by the said Ministry according to the circumstances of each particular case.

The mining interests which have not asked for any extension will be intervened by the Ministry of Finance as soon as their properties may be declared forfeited by the Ministry of Fomento which will prepare and send to the Ministry of Finance a list of the names of each and every one of the claims or properties to be intervened.

FLETCHER

² Not printed.

File No. 312.11/8378

AMERICAN EMBASSY,
Mexico City, February 20, 1917, 1 p. m.

4. Your 1, February 19, 6 p. m. Minister for Foreign Affairs states that he has no knowledge of any decree affecting rights of foreigners to real estate or mines to which such foreigners already have clear title, but that there are in existence decrees requiring the waiver of nationality in so far as concerns titles now under negotiation or to be acquired in the future. He has promised to send to the Embassy copies of such decrees.

He further said that the legislation emanating from the new Constitution with respect to property rights would in his opinion in no wise prejudice present property rights and at the same time called attention to the article of the new Constitution which provides that no laws may be made retroactive.

FLETCHER

File No. 812.63/388

Ambassador Fletcher to the Secretary of State

No. 3

AMERICAN EMBASSY,
Mexico City, February 21, 1917.

SIR: I have the honor to refer to the Department's telegram of February 17, 5 p. m. and to my reply thereto No. 2, of February 19, 2 p. m., relative to the decrees with respect to the operation of mines, and to enclose herewith a copy and translation of the latest official statement in the matter, which consists of a circular issued by the Department of Fomento on February 16, 1917.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

CIRCULAR ISSUED BY DEPARTMENT OF FOMENTO ON FEBRUARY 16, 1917, RELATIVE TO DECREES WITH RESPECT TO OPERATION OF MINES

The period referred to in Article 1 of the Decree of September 14, 1916, having expired, as well as the extension granted by Circular No. 22 issued by this Department on November 14 of the same year, to the end that the concessionaires of mining properties should proceed with the exploitation thereof, the Citizen First Chief of the Constitutionalist Army, in charge of the Executive Power has seen fit to direct that:

1. The mining enterprises which have set before the Department of Fomento, Colonization and Industry the reasons which have prevented their compliance with the decree above mentioned, may be allowed a last extension which shall be fixed by this Department in accordance with the especial nature of each case.

2. The enterprises which have not addressed to this Department any petition for extension, whether the property concerned is developed or not, will be intervened by the Department of Finance and Public Credit, in so far as the penalty of forfeiture may be declared by the Department of Fomento in compliance with the decree referred to. To this end, the Department of Hacienda will be furnished with a list of the names of each and every one of the claims or properties which should be intervened.

All of which is made of public knowledge and of the knowledge of the interested parties for proper compliance.

Constitution and Reforms

MEXICO, February 16, 1917

PASTOR ROUIAX

File No. 812.63/371

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, February 24, 1917, 1 p. m.

8. Your 2. Department desires you to make immediate representations to the *de facto* Government, pointing out the serious situation confronting American mine owners in Mexico, as set forth in Department's 441, 541 and 613, to Parker. You will add that, in view of the great demand for metals and the high prices prevailing, it should not be necessary for this Government to point out that American mining companies need no urging to resume operations, immediately upon return of normal conditions; that this Government is anxious to lend its assistance, to the end that the mining industry may be rehabilitated at an early date; that, with this purpose in view, this Government invites the *de facto* Government to submit a list of mining districts which, in its opinion, enjoy the necessary facilities, including military protection and adequate transportation, to make resumption of work possible, in order that this Government may be enabled to advise American mining men intelligently; that, in view of the foregoing, the decree of September 14 should be annulled, upon the understanding that both Governments shall agree to exert their best efforts to have the mines reopened wherever facilities permit and work can be resumed without endangering American lives.

You will express the hope that the plan herein proposed may be given prompt and serious consideration and that the action suggested may meet with favor, to the end that foreign owners of mines in Mexico may be assured that the drastic decrees of September 14 and February 16 will be withdrawn.

Finally, Department suggests that you discuss this matter, as soon as possible, with Minister for Foreign Affairs or General Carranza, for the purpose of ascertaining what the future Mexican policy will be with reference to resuming work in mines and for the further purpose of impressing upon him the advisability of complying with this Government's suggestions as outlined in these and previous representations in the premises.

Telegraph results.

LANSING

File No. 812.63/380

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, February 26, 1917, 5 p. m.

8. Department's telegram 8. This morning I had an interview with the Minister for Foreign Affairs in which I brought the substance of your telegram to his attention. He assured me again that it was not the intention of the *de facto* Government to confiscate American property under the decrees mentioned and seems disposed to accept

the change. He asked me to embody it in a memorandum which I have done and which he will consider with his colleagues and submit to General Carranza, who is now in Guadalajara, by telegraph. In view of the previous unsuccessful representations with reference to the withdrawal of mining decrees and the assurances given me by the Minister, I feel that it would be not only useless but possibly prejudicial to the success of the plan proposed to renew at this time our request for their withdrawal and I limited my efforts for the present to securing their acceptance of your suggestion. I feel that the representations heretofore made by Parker under the Department's instruction fully cover us in case an attempt is made to enforce the decree in a manner prejudicial to our interests. I will report progress by telegraph. General Carranza will be absent until the first week in March and I will present my letter of credence as soon as he returns.

FLETCHER

File No. 812.63/380

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, February 28, 1917, 4 p. m.

16. Department views with satisfaction assurances given by Minister for Foreign Affairs that it is not the intention to confiscate American properties under decrees requiring resumption of work in mines.

LANSING

File No. 812.63/372

The Secretary of State to Ambassador Fletcher

No. 25

DEPARTMENT OF STATE,
Washington, March 8, 1917.

SIR: Referring to despatch No. 137, of February 17, from the Consulate at Durango, a copy of which is stated by the Vice Consul in charge to have been sent to your Embassy, you are instructed to bring to the attention of the appropriate authorities the conditions disclosed in that despatch, respecting the lack of protection to American property in the Durango Consular District and the operations of bandits therein, and urgently to request that a sufficient force be sent to this section to afford adequate protection to American property from losses by bandits.

You will add that, in accordance with the desires of both Governments that American owned mining property in Mexico shall be worked so soon as conditions shall seem to be safe and convenient for so doing, it is hoped that the *de facto* Government of Mexico will take early steps to remedy the further difficulties in the way of such working in the Durango district, disclosed in the Vice Consul's despatch, such as lack of railway facilities, forced loans to military chiefs, excessive taxation unjustly assessed by State officials, and confiscations by military authorities of explosives essential for use in mining operations.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 812.63/400

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, March 10, 1917, 2 p. m.

14. My telegram February 26, 5 p. m. Discussed with First Chief and Minister for Foreign Affairs plan suggested in your 8, February 24, 1 p. m. First Chief stated that he thought it would be better for the mine owners who were unable to operate, to apply for an extension of time and assured me that in all cases where conditions were such that it was impossible to resume operations an extension would be granted. He also said that it was not the intention of the *de facto* Government to compromise these properties and that his Government would proceed in accordance with the rules of justice and equity. I would suggest that all American mine owners who are unable to resume operations and who have not applied for an extension of time be notified to do so immediately. These applications should be made directly to the Minister of Fomento in Spanish stating name, title, number of, location and size of the mining property; also the reasons for failure to operate the property. The petition must bear a fifty cent Mexican documentary stamp and be accompanied by the last tax receipt.

FLETCHER

File No. 812.63/414

Ambassador Fletcher to the Secretary of State

No. 23

AMERICAN EMBASSY,
Mexico City, March 14, 1917.

SIR: Referring to my telegram No. 14 of March 10, 2 p. m., I have the honor to report in more complete detail the procedure prescribed by the Department of Fomento, Colonization and Industry to be followed by owners of mines in Mexico who, being unable to resume or begin operations, have not applied for an extension of time in which to resume operations, or, having applied for such extension, have not put their petitions in proper form.

These petitions must be in the Spanish language, addressed and sent directly to the Secretary of Fomento, Colonization and Industry, signed by the owner of the property in question, or his legal representative, and stamped with a fifty centavo Mexican documentary stamp.

The petition should enumerate the name, title number, exact location and number of pertenencias in the property, the reasons which the owner alleges for his failure to operate the property, and a request that extension of time be granted in which to begin or resume operations. The last mining tax receipt (boleta) should accompany the petition to show that taxes are paid up to date.

I enclose a copy of the memorandum of information I am sending mine owners who write this Embassy inquiring for information in this matter. I also enclose a translation of a circular issued by the Department of Fomento, Colonization and Industry February 21, 1917, which contains the most recently published regulations and

instructions on the subject of ownership and operation of mines in Mexico.

As I have elsewhere reported, both the First Chief and the Minister of Foreign Affairs have assured me that extensions will be granted mine owners in all proper cases, and that they prefer to deal with each case individually, upon its merits, rather than adopt the plan suggested in your telegram No. 8, February 24, 1 p. m.

The action taken by the Department of Fomento, and the declarations of the Minister of Fomento, when certain cases of non-operation of mines have been presented to him personally are in conformity with this reasonable attitude of the *de facto* Government of Mexico.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

CIRCULAR ISSUED BY THE DEPARTMENT OF FOMENTO, COLONIZATION AND
INDUSTRY, FEBRUARY 21, 1917

The decree of September 14, 1916, issued by the First Chief of the Constitutionalist Army charged with the Executive Power of the Nation, established the penalty of forfeiture for those mining concessions whose owners should not develop their properties in accordance with the requirements of the decree, specifying to this effect a period of two months for resuming work in the mines, which period was extended until the 14th of the present month by circular No. 22 of this Department, issued by the Bureau of Mines and Petroleum.

Various concessionaires have complied with this decree, and have begun work in their mines; others have requested an extension of time in order to comply with it, and another group has incurred the penalty of forfeiture referred to; the properties of this last-mentioned group, with the approval of the First Chief, are therefore subject to intervention by the Department of Hacienda and Public Credit after the Department of Fomento declares the forfeiture of the respective concessions.

In order to comply with the resolutions of the Executive of the 16th of the present month, and in order to proceed with entire justice, this Department has resolved as follows with respect to each of the before-mentioned groups:

First Group.—Concessionaires whose properties are being worked:

1. Concessionaires of mining properties now being worked are required to verify before the first day of next April, in this Department, with the respective receipts or certificates, if they have not already done so, that they are up to date in the payment of the mining tax.

2. They are required to render before the first day of next April, either directly to this Department, or to the agency in their district, a detailed report for each one of their properties, which shall contain the description of operations, both above and below ground, giving the following general data:

A. Name of the property, name of the original concessionaire, name of the present owner, situation of the mine, boundaries, area, number of the title, number of the registry, principal ore which is exploited, and metals or metalloids that it is desired to exploit.

These data will be accompanied by a true copy of the original plan of the property.

B. A clear and detailed explanation of each of the explorations or developments that is being made at the present time. In case of a group of mines, where work of exploration is being done, the development of which extends over two or more properties, the written report of this work will be accompanied by a plan which gives a complete idea of the project, in order that this Department may determine which properties are included in the work referred to.

C. The number of employees and operators, hours of labor, salaries and day wages, centers of population which furnish laborers for this work.

D. Motors employed: man power, steam, hydraulic, gas, electric, etc.

E. The machinery used in the work of development, ventilation and drainage, and in the preparation and treatment of the minerals.

F. System of development and treatment.

G. Production of ore, stating the amount of ore exported and the amount treated; approximate percentage of the ore exported and of the ore treated.

H. The supply of the principal materials employed in the development and treatment of the ores, such as steel, explosives, lubricants, carbides, wood cyanide, zinc, acetate of lead, fusing substances, combustibles, etc.

3. They will also state their nationality. If companies, they will declare whether or not they are organized in accordance with the laws of the land.

Second Group.—Concessionaires who request an extension of time in order to comply with the decree of the 14th of September.

1. Concessionaires of mining properties who request an extension of time in order to comply with the decree of the 14th of September are required to verify before the first day of next April, in this Department, with the respective receipts or certificates, if they have not already done so, that they are up to date in the payment of the mining tax.

2. If, in the request presented by the concessionaires of this group, the properties referred to have not been specified, this should be done, accompanied by a report which contains for each one of them the following data:

A. Name of the property, name of the original concessionaire, name of the present owner, situation of the mine, boundaries, area, number of the title, number of the registry, principal ore which is being developed, and the metal or metalloids produced by the development.

These data will be accompanied by a true copy of the original plan of the property.

B. A report of the work which was done before the suspension of operations, stating the number of employees and operators, hours of work, salaries and day wages, and the centers of population which furnish the labor.

3. They will state their nationality; if companies, they will state whether or not they are organized in accordance with the laws of the land.

4. After these requirements have been complied with, and after considering the reasons stated in the petition, and the general conditions of the zone in which the properties referred to are situated, this Department will fix the maximum extension of time for resuming or initiating work.

Third Group.—Concessionaires who did not comply with the decree referred to:

1. Since all of the concessionaires of mining properties belonging to this group have incurred the penalty of forfeiture, this Department will proceed immediately to forward to the Treasury, (Hacienda) a detailed list of said mining properties, in order that they may be intervened.

2. During the period of intervention, before this Department declares corresponding confiscation, the interested parties may make representations to retain possession of their concessions, stating to this Department the reasons for their noncompliance with the decree; their decision to resume work on the mining property in question; the means at their disposal for this purpose, and the time fixed for doing so. In order to determine whether the reasons stated merit attention, and whether the securities they give for compliance with their proposals are sufficient, these will be presented by this Department to the consideration of the First Chief of the Constitutionalist Army, in charge of the Executive Power of the Nation, when the declaration of confiscation which should be issued for the properties referred to are presented for his approval.

3. In order that this petition may be acted upon it must be accompanied by vouchers showing that the concessionaire has paid the mining tax to date.

4. The respective petition referring to properties should contain the following data:

A. Name of the property and name of the first concessionaire, name of the present owner, location of the mine, boundaries, area, number of title, number of registry, principal ore being developed, and the metals or metalloids being produced.

These data will be accompanied by a true copy of the original plan of the property.

B. A report of the work done before the suspension of operations, stating the number of employees and operators, hours of work, salaries and day wages and centers of population which furnished laborers.

5. They will state their nationality. If companies, they will declare whether or not they are organized in accordance with the laws of the country.

Another group of mines exists which, in accordance with circular number 25, of April 29, 1914, given by the First Chief of the Constitutionalist Army in charge of the Executive Power of the Nation, and which has obtained permission

from this Department to develop its properties before issuing the corresponding title.

The petitioners for these properties are required:

1. To submit, before the first day of April next, a report of the work undertaken by them, stating the number of employees and operators now engaged, the plan of work which they expect to follow, what force or energy they are using, what class of machinery they have installed, what ores they are developing, what is the present production of ore, what is the approximate percentage of ore obtained.

2. To prove within the same period of time, to this Department, with the receipts or certificates, that they have paid the mining tax to date.

3. The report shall contain the following general data:

A. Name of the property, name of the petitioner, location of the mine, boundaries, area, number of corresponding document, (expediente) number of the registry, ores and metals or metalloids that are being developed.

B. Nationality of the petitioner. If companies, they will state whether or not they are organized in accordance with the laws of the land.

The above is published for the information and guidance of the public and those interested.

Constitution and Reforms

MEXICO, February 21, 1917.

PASTOR ROVAIX

[Inclosure 2]

MEMORANDUM RELATIVE TO PETITIONS TO BE PRESENTED TO THE MINISTRY OF FOMENTO OF THE DE FACTO GOVERNMENT OF MEXICO FOR EXTENSION OF TIME FOR OPERATION OF MINES

The Ministry of Fomento, in response to various requests presented by the American Embassy on behalf of American citizens for an extension of time in which to resume or begin the operation of mining properties, has indicated that the interested parties must make their petitions directly to the Ministry.

Such petitions must be written in the Spanish language, bear a properly canceled fifty centavo Mexican documentary stamp, be signed by the owner of the property in question or his legal representative, and set forth the following points:

1. The name, title number, exact location, and number of pertenencias (area) of the mining property for which extension of time is required.

2. The reasons which the owner alleges for the nonoperation of his property.

3. A request that extension of time be granted in which to begin or resume operation.

This petition should be accompanied by the last boleto or mining tax receipt, in order to show that the taxes are paid up to date.

AMERICAN EMBASSY,

Mexico, March 10, 1917.

File No. 812.63/405

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,

Washington, March 15, 1917, 6 p. m.

46. American mine owners have just learned of issuance mining circular, dated February 21, requiring certain data concerning mines, to be delivered to Department of Fomento within next few days. Mining men assert they are unable to compile voluminous data in limited time allowed and urgently request three months extension.

Take up with appropriate authorities and request that additional 90 days be allowed within which to comply with circular.

LANSING

File No. 812.63/411

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, March 17, 1917, 11 a. m.

24. Your telegram March 15, 6 p. m. Minister of Fomento appreciates difficulties American mine owners will have in complying with decree in the time allowed and will take up the whole mining question very soon with the First Chief who is now in the Capital. Indications are that an extension will be granted. Translation of the decree referred to sent you in last Wednesday's pouch.

FLETCHER

File No. 812.63/422

Vice Consul Coen to the Secretary of State

[Extract]

No. 140

AMERICAN CONSULATE,
Durango, March 22, 1917.

SIR: I have the honor to transmit herewith in quadruplicate, a copy of circular Number 31,¹² from the office of the Secretary of Fomento, dated February 21, 1917, making new and additional regulations regarding the operations of mines in Mexico as prescribed by the Decree of September 14, 1916. A copy of Article 5 of the Mining Law of Mexico, passed June 4, 1892, under which the great majority of the titles to mining property was taken, and which formed the basis and reason for the immense activity and development of the mining resources of that country between the date mentioned and 1910. It was the faith in the titles, which on their face appear to be in fee simple with a condition subsequent relating to the payment of taxes and referring to the above-quoted law, that led to the immense investment of American capital in the mining industry in Mexico. A translation of Circular No. 30, issued from the Office of the Secretary of Fomento, dated February 16, 1917,¹³ and referred to in the later Circular of February 21, 1917.

In further regard to these circulars Numbers 30 and 31, I wish to state that the circulars reached Durango on March 12, 1917, and first came to the knowledge of the British Vice Consul on the night of March 15; that they had not yet been published in the *Diario Oficial* or at least no copies of the official paper had yet reached the City of Durango on March 16; that knowledge of the existence of such regulations reached the City of San Antonio in copies from unofficial newspapers a few days ago and came to my attention only yesterday, yet these provisions are to be complied with in regard to the owners of some mining properties by the 18th of March.

I want to state further that the information requested under Circular Number 31, in cases of some of the larger companies having several hundred claims or properties (fundos), will require a large

¹² See No. 23, March 14, 1917, from Ambassador Fletcher.

¹³ See No. 3, February 21, 1917, from Ambassador Fletcher.

clerical force working regularly for several weeks, since copies of all the original maps are demanded, and itemized data which must come from a thorough examination of all the titles and transfers of the properties from the time of their origin under title, must be compiled. I should add that the title papers, the original maps of the claims, and the drawings of the works, both underground and aboveground, are in most cases in the United States for safety and security against destruction; and that those papers are in San Francisco, Chicago and New York, or wherever the home offices of the mining companies are located.

I believe, from my knowledge of the situation in the Durango Consular district and from what I can learn from those owning mines in that district, that the great majority have not made the petition requested in the Decree of September 14, 1916; that they did not believe the decree would ever be carried out on account of its absurdity, in so far as it might be of real benefit to the country.

It will follow that a good many million dollars worth of good mining property, some of it companies with investments from ten thousand up to several hundred thousand dollars, will be confiscated almost overnight, because the final determination of confiscation shown by the circular under discussion has not yet reached their notice, and it is required that its provisions be complied with in this class of cases by March 20. Yet notice of the circular did not reach this part of the United States until about that date.

I have [etc.]

HOMER C. COEN

[Inclosure—Translation]

MINING LAW OF THE REPUBLIC OF MEXICO, PASSED JUNE 4, 1892, EFFECTIVE JULY 1, 1892, AND REPEALED BY THE MINING LAW OF NOVEMBER, 1909, WHICH LATTER BECAME EFFECTIVE JANUARY 1, 1910

Laws of a fiscal character of 1892, unless modified by the new law, were not repealed.

Article 5. Legally acquired mining property and that which in the future may be acquired in accordance with this law, shall be irrevocable and perpetual as long as the Federal property tax has been paid in accordance with the regulations of the law by which said tax is established.

File No. 812.63/429

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, March 30, 1917, 2 p. m.

44. With reference to my telegram of March 17, 11 a. m., No. 24, Minister of Fomento states verbally that an extension of one month will be granted for compliance with circular decree of February 21. He promised to make the statement to me in writing.

He states also that the terms of previous decrees with respect to operation of mines will be enforced except where sufficient reasons may have been advanced by mine owners for noncompliance.

FLETCHER

File No. 812.63/437

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, April 5, 1917, 3 p. m.

94. Your 44, March 30, 2 p. m. Endeavor obtain more liberal extension. With reference to statement of Minister of Fomento regarding enforcement decrees, American mining interests in Mexico fear their properties will be confiscated. Department believes Minister's threat to enforce decrees to be contrary to assurances given you by Foreign Minister and General Carranza to the effect that it is not the intention of the *de facto* Government to confiscate American properties. Department therefore desires you to make every possible effort to prevent confiscation American properties.

LIANSING

File No. 812.63/451

Ambassador Fletcher to the Secretary of State

No. 63

AMERICAN EMBASSY,
Mexico City, April 10, 1917.

SIR: I have the honor to transmit herewith a copy and translation of a decree, issued by First Chief Carranza March 31, 1917, prescribing the method of obtaining title to mining properties for which the original concessions have been canceled. This decree has not yet been published in the *Diario Oficial*, and this translation was made from a copy that appeared in a local paper.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

DECREE COVERING THE ACQUISITION OF MINING PROPERTIES WHOSE CONCESSIONS
MAY HAVE BEEN CANCELED

Venustiano Carranza, First Chief of the Army, in charge of the Executive Power of the Nation, in use of the faculties with which I am invested, and considering

That the right to exploit minerals is primarily acquired from the Nation, by means of a concession to be issued by the Executive Power through the Ministry of Fomento;

That Article 13 of the Mining Law of the 16th of December 1909 provides that *pertenencias* on which the titles may have been annulled, shall not be considered as open to denouncement until after the expiration of a period of thirty days from the date the advice of such cancellation is placed upon the bulletin board of the agency, after which the same may be acquired by the first applicant;

That, in accordance with present laws, such acquisition calls for the expenditure by the party or parties securing the concession of only the expenses required by the Stamp Law together with the charges of the agencies of the Ministry of Fomento, even in the case of *pertenencias* which may have acquired a high value due to their exploitation and development; and

That, inasmuch as it would not be equitable nor just that concessions should be granted for the exploitation of the subsoil in such case, on the same conditions as in the first, and, as to the State corresponds the efficient administration of properties which come under the direct dominion of the Nation, I have considered proper the issuance of the following decree:

Article 1. The right to exploit minerals in virgin soil, or in pertenencias which may not have been developed, shall be granted on the conditions set forth by the present mining law and regulations.

Article 2. The pertenencias whose concessions may have been canceled owing to the nonpayment of the mining tax, or by reason of abandonment, in accordance with the decree of September 14, 1916, and which, in the judgment of the Ministry of Fomento, Colonization and Industry, represent a high value, due to the present state of development of the same, shall be granted for exploitation subject to a special contract, the conditions of which shall be established by the Ministry stated, and without being subject to substantiation as required by the present mining law and regulations.

Article 3. In case two or more petitions are submitted simultaneously, the right to the concession shall be granted at public auction, and shall be given to the highest bidder, after a study by the Ministry of Fomento of the conditions submitted by the petitioners.

TRANSITORY ARTICLES

Article 1. This law shall become effective on the date of its publication.

Article 2. All existing laws which are in contravention to the terms of this decree shall be without effect.

I, therefore, order this to be printed, published, circulated and duly complied with.

Constitution and Reforms

Given at the National Palace of Mexico, this 31st day of March, 1917.

VENUSTIANO CARRANZA

File No. 812.63/454

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, April 20, 1917, 5 p. m.

113. By circular just published all transactions relative to mining properties made with mining agencies of the State of Oaxaca from June 3, 1915, to March 3, 1916, are declared null and void because the State of Oaxaca refused obedience to the Carranza Government during that time and interested parties are given until June 15 next to renew these transactions with the Department Commerce and Industry.

FLETCHER

File No. 812.63/462

Ambassador Fletcher to the Secretary of State

No. 89

AMERICAN EMBASSY,
Mexico, April 21, 1917.

SIR: Referring to my telegram No. 113, April 20, 5 p. m., I have the honor to enclose text and translation of a circular relative to mining properties in the State of Oaxaca, Mexico, issued April 3, 1917 by Pastor Rouaix, Secretary of the Department of Fomento. Since this circular was issued, matters relating to mining properties have been transferred from the Department of Fomento to the new Department of Commerce and Industry.

The meaning not being plain for that portion of paragraph 1 wherein reference is made to documents "of a date prior to June 3, 1915 or

after that date", I requested the Secretary of Commerce and Industry to clear up this point, and I have received his answer as follows:

By documents executed "prior to June 3, 1915" are meant those put in process of execution before the date stated by Constitutionalist authorities, but continued at a later date by authorities acting without legal right.

By documents executed "after that date" (June 3, 1915) are meant those started in process of execution after June 3, 1915 and before March 3, 1916 by authorities acting without legal right, whose acts are considered null and void.

To continue the proceedings for the first class of documents, the interested parties should ask "confirmation" (*revalidación*) and for the second class they should ask "reposition" (*reposición*).

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

CIRCULAR OF THE DEPARTMENT OF FOMENTO RELATIVE TO MINING PROPERTIES
IN OAXACA

On September 29, 1915, by instructions of the First Chief of the Constitutionalist Army, all acts and decisions which were or may have been made effective with regard to matters under the jurisdiction of this Department, by the so-called Departments of Agriculture and Fomento, of Industry and Commerce, or by any other office not forming a part of the Constitutionalist Government, were declared null and void. In virtue whereof, and considering the well known fact that the State of Oaxaca refused obedience to the Government from the 3d of June 1915 to the 3d of March 1916, be it declared:

1. Those interested in denouncements of mining properties, who during the period mentioned may have had transactions with any of the mining agencies established in the State of Oaxaca not forming a part of the legal Government of the Republic, and who desire a continuance of proceedings in the said transactions in connection with which documents appear of a date prior to June 3, 1915 or after that date, are obliged to undertake confirmation or reposition of such transactions, and in doing so they will observe the requirements of Circulars 2, 3 and 7 issued by this Department on September 15 and October 20, 1914 and March 31, 1915 respectively.

2. In order that the preceding paragraph may be complied with, a period of time is granted, beginning to-day and expiring on the 15th of June next, at the expiration of which the rights of the concessionaires will cease in the case of those who do not comply with the requirements of this circular, and in such cases the cancellation of these rights will be ordered, the property in such cases being open to a new denouncement without the necessity of its previous publication on the bulletin board of the respective agency.

Constitution and Reforms

MEXICO, April 3, 1917.

PASTOR ROUAIX

File No. 812.63/472

No. 184

AMERICAN EMBASSY,
Mexico City, May 29, 1917.

SIR: Referring to the Department's instruction No. 25 of March 8, 1917, I have just received a communication from the Foreign Office stating that, as regards the requests received for the protection of American interests in the State of Durango, the War Department has rendered a report to the effect that, according to information received from the military commander of the State of Durango, the bandits therein are being energetically persecuted with a view to affording the protection solicited.

I have [etc.]

HENRY P. FLETCHER

File No. 312.115/310a

The Secretary of State to Ambassador Fletcher

[Telegram—Extract]

DEPARTMENT OF STATE,
 Washington, June 14, 1917, 5 p. m.

252. You are instructed to bring at once to the attention of General Carranza the following:

The treatment to which the American owned mining and smelting properties in the State of Sonora are being subjected by the local authorities, as observed by this Government in regard to the relation between employers and employees, appears to be deliberately designed to compel the complete suspension of all operations on these properties.

The sincere sympathy of the Government of the United States with every effort to improve labor conditions and safeguard the rights and interests of labor has been demonstrated too often to be open to question. Its motives cannot be misunderstood, therefore, when it points out that a distinction must be drawn between the just regulation of the relation between employer and employee and the entire elimination of the employer by the employee in the management and control of the employers' property, which is the situation bound to be produced by the treatment above mentioned.

Obviously this situation is prejudicial to the interests of the employees as well as to the State and also is destructive of the rights of the property owners. The inevitable result therefore, will be to stop the operation of these properties, throw the employees out of employment and shut off the governmental revenues derived from internal and export taxes upon the properties and their products.

In these circumstances it is difficult to escape the conclusion that there is an ulterior and unfriendly purpose behind the adoption by the local authorities of this destructive policy toward American owned properties, which is clearly so detrimental to American interests as well. The Government of the United States therefore feels justified in calling this situation to the attention of the *de facto* Government in the belief that it will recognize the obligation and the advantage of insisting upon the adoption by local authorities of a more enlightened and equitable policy toward these properties in the interests of all concerned.

LANSING

File No. 312.115/311

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
 Mexico City, June 25, 1917, 11 a. m.

270. Your telegram No. 252. My telegram [omission]. Unofficially but reliably informed that instructions have been sent to the Governor of Sonora to leave pertenencia tax matter in abeyance for the present and to endeavor to compose difficulties with copper mine owners.

FLETCHER

File No. 812.63/484

Ambassador Fletcher to the Secretary of State

No. 392

AMERICAN EMBASSY,
Mexico City, August 10, 1917.

SIR: I have the honor to refer to the Department's telegram No. 8, February 24, 1 p. m., instructing that the Government be invited to furnish the Embassy with a list of mining districts which enjoy the necessary facilities, including military protection and adequate transportation to make resumption of work possible, and to state that a note has been received from the Foreign Office in reference to the matter stating that according to a report from the Department of War and Marine, information should not be given regarding the regions in which there are rebels, but only in concrete cases can information be given as to whether a given locality is or is not controlled by the Government.

I have the honor to enclose a copy and translation of the note from the Foreign Office referred to, No. 325, dated August 1, 1917.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

The Foreign Office to Ambassador Fletcher

The Subsecretary of State, in charge of the Office of the Exterior has the honor to state to the American Embassy, with reference to memorandum dated the 26th of February last, in which request was made for information relative to the mining regions controlled by the Government, in order that American proprietors might be enabled to renew their operations therein, that the Department of War and Marine has informed him that information should not be given relative to the regions in which there are rebels, but only in concrete cases can information be given as to whether a given point is or is not controlled by the Government.

DEPARTMENT FOR FOREIGN AFFAIRS,
Mexico, August 1, 1917.

File No. 812.63/482

The Secretary of State to Ambassador Fletcher

No. 377

DEPARTMENT OF STATE,
Washington, November 27, 1917.

SIR: Referring to Mr. Summerlin's telegram No. 342,² of July 30, 1917, 4 p. m., reporting that a new mining law containing no radical features was being prepared by the Mexican Minister of Industry and Commerce and would probably be submitted to the Congress at its regular session, you are instructed to furnish the Department with a copy of the new law as soon as it can be obtained.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

²Not printed.

PROTECTION OF AMERICAN OIL INTERESTS.¹⁴

File No. 812.5034/30

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 6, 1917, 4 p. m.

604. Reported *de facto* Government recently issued decree giving foreigners holding title to real estate, mining and oil properties and timber lands, until April 15 to resign their treaty rights concerning such properties. Report whether such decree issued.

Forward another copy of decree issued some months ago requiring foreign purchasers of real estate to resign their rights as nationals.

LANSING.

File No. 812.5034/33

Mr. Parker, representing American interests, to the Secretary of State

[Telegram]

QUERÉTARO, January 8, 1917, 11 a. m.

631. Department's 604, January 6, 6 p. m. Data required not available here, have instructed Thurston to comply with Department's instruction.

PARKER

File No. 812.5034/34

Mr. Thurston, in charge of American interests, to the Secretary of State

[Telegram]

MEXICO CITY, January 8, 1917, 10 p. m.

Department's 604, January 6, 4 p. m. to Parker. Refer Parker's despatch No. 530 of September 27¹⁵ and enclosures. Local press published decree December 29 extending time limit in which foreigners desiring to acquire certain properties could renounce citizenship rights until April 15, 1917. A translation of this decree leaves in to-morrow's pouch; also a translation of decree requested by the Department.

THURSTON

File No. 812.5034/36

Mr. Thurston, in charge of American interests, to the Secretary of State

No. 652

MEXICO CITY, January 9, 1917.

SIR: I have the honor to refer to my telegram of January 8, 10 p. m. relating to the publication of a further decree relating to the renouncing of citizenship rights by foreigners acquiring certain real properties in the Republic of Mexico, and transmit herewith a copy of said decree, together with a translation of same, in duplicate. I also

¹⁴ Continued from For. Rel. 1916, pp. 741-775. See also in this volume Protection of American Mining Interests.

¹⁵ For. Rel. 1916, p. 773.

transmit a translated copy of the previous decree¹⁶ upon this same subject, as requested by the Department.

I have [etc.]

WALTER C. THURSTON

[Inclosure 1—Translation]

CIRCULAR

On the 15th of August of this year, this office, by direction of the First Chief of the Constitutionalist Army, in charge of the Executive Power of the Nation, issued a circular setting forth the obligatory dispositions relating to the requisitions which must be met by foreigners who attempt to acquire, within national territory, uncultivated or national land, waters of federal jurisdiction, mining claims or permission for the exploration or exploitation of natural riches, such as forest products, petroleum, fisheries, etc.; warning them that they must previously present, through written document and before the Department for Foreign Affairs, a formal, express and final declaration that, in their capacity of proprietors or concessionaires, and for all effects and purposes relating to the properties they desire to obtain, they consider themselves as Mexicans, renouncing their rights as foreigners, and that of applying for protection or presenting complaints to their respective Governments.

In the third clause of that circular it was declared that all denouncements then filed before this office, or its administrative agencies upon any of the classes of properties above referred to should be suspended until the interested person should present the certificate mentioned, with the understanding that these denouncements should be placed in the files and considered forfeited unless the certificate were presented before the expiration of four months.

The Citizen First Chief of the Constitutionalist Army, taking into consideration the fact that many foreigners, due to causes beyond their control have not been able to present said certificate, and he being desirous of preventing harm to those who have acquired in good faith legitimate rights, has seen fit to dispose that the period referred to in said third clause shall be extended four months longer, and will expire April 15, 1917.

EDUARDO HAY
Subsecretary (Fomento)

December 15, 1916.

File No. 812.5034/36

The Secretary of State to Mr. Thurston, in charge of American interests

[Telegram]

DEPARTMENT OF STATE,

Washington, January 19, 1917, 4 p. m.

Your No. 652, January 9. Advise appropriate authorities that Government United States cannot regard provisions of decrees of August 15 and December 15, 1916, as annulling the relations existing between it and its citizens who may acquire properties in Mexico, or as affecting its rights and obligation to protect them against denials of justice with respect to such properties.

LANSING

File No. 812.011/19a

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,

Washington, January 27, 1917, 5 p. m.

638. Telegraph full text Department of Fomento's latest proposed constitutional amendment relative to nationalization of oil fields.

LANSING

¹⁶ For. Rel. 1916, p. 774.

File No. 812.011/22

Mr. Parker, representing American interests, to the Secretary of State

[Telegram]

MEXICO CITY, *January 30, 1917, 10 a. m.*

661. Department's 638, January 27, 5 p. m. Section 10 of Article 27 of Fomento's initiative reads as follows:

The nation reserves the dominion of all minerals that in veins, stratum, masses or beds of whatever form constitute a deposit of such nature distinct from the components of the soil, minerals or substances shall always be inalienable and imprescriptible and can only be exploited by individuals, civil or commercial societies constituted in conformity with the Mexican laws by means of concessions under federal jurisdiction and under the conditions fixed by the corresponding laws. The minerals and substances that require concession for the purpose of extracting the metals and metalloids utilized in the industries are platinum, gold, silver, copper, iron, cobalt, nickel, magnesium, lead, quicksilver, tin, chromium, antimony, zinc, bismuth, magnesia, sulphur, arsenic, tellurium, strontium, barium and all rare metals, the beds of precious stones, of rock-salt and the salts formed by sea water, the products derived from the decomposition of rocks such as asbestos, amianto, talcum when they take form of vein stratum or pockets and their exploitation necessitates subterranean works, the phosphates susceptible to use as fertilizers either in their natural state or by means of chemical processes, the coal or any other solid combustible which appears in veins, stratum or masses of any form whatsoever, the petroleum or any other hydrogenous carbide, solid or gaseous, which flows from the surface or is found in the subsoil and the waters taken from the mines.

This morning press contains text of the committee report in Congress on this section. So far as I can see the committee report does not materially change Fomento's initiative.

PARKER

File No. 812.5034/40

Ambassador Fletcher to the Secretary of State

No. 99

AMERICAN EMBASSY,
Mexico, May 1, 1917.

SIR. I have the honor to enclose a copy and a translation of a decree issued April 24, 1917 by the Secretary of Fomento, outlining the procedure to be followed by foreigners who are endeavoring to secure property in Mexico and who have not renounced certain of their rights as foreigners in so far as such property is concerned, as prescribed in the decrees of August 15, 1916 and December 15, 1916.

This decree has not yet appeared in the *Diario Oficial* and the copy submitted has been taken from a local newspaper.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

In view of the very important consideration that, if our fundamental laws concede to foreigners the same rights as to nationals, in no way should it be possible for foreigners by the exercise of such rights to obtain greater advantages than nationals, it was determined by a decree of August 15 last that the following regulations should be observed:

First: Foreigners who may endeavor to acquire in the Mexican Republic free or national lands, mining properties, waters under the federal jurisdiction, or

permits for the exploitation or exploration of natural resources such as products of the forests, petroleum, fisheries, *et cetera*, should in writing before the Ministry of Foreign Relations, make formal, express and definite declaration that in their capacity as owners or concessionaires and in so far as concerns the properties which they are endeavoring to acquire, they will be considered as Mexicans, renouncing their rights as foreigners and the right to complain or seek the protection of their respective Governments.

Foreign corporations are incapacitated from acquiring rights over any of the effects mentioned in this circular until they have become naturalized and submit themselves to the Mexican laws by making the above-mentioned declaration.

Second: An indispensable requisite to the acceptance by the Ministry of Fomento, Colonization and Industry of any denouncement or petition which a foreigner may make with regard to the matters above referred to, even though it be a simple question of an exploration permit, is the presentation with the first petition of a certificate issued by the Ministry of Foreign Relations in which shall appear the declaration above referred to.

If this requisite is lacking, the petition must be flatly rejected, and any action taken or any procedure or decision arrived at shall be null and without legal value before this certificate is presented.

The prescribed certificate must be inserted literally in the titles to property, as well as in the above-mentioned permits concerning property, issued by the Ministry of Fomento to foreigners, and also in the contracts or public documents relative thereto authenticated by notaries public; and its content must, moreover, be inserted as a special clause.

Failure to insert this certificate or the said clause will be sufficient reason for the nullification of the respective title, permit, contract or document.

Third: In all cases already initiated by foreigners which may be under consideration by the Ministry of Fomento or its administrative offices, relative to any of the effects above mentioned, proceedings shall be suspended immediately and shall not be renewed until the interested parties present the certificate referred to. If within a period of four months from the date of this decree the interested party does not present this certificate, his petition shall be considered null and void and shall be filed without recourse.

In view of the equally important consideration that many foreigners might not have been able to present these certificates opportunely, it was determined in a later decree of December 15 last, that the period of four months prescribed in the third section for the presentation of these certificates should be extended for an additional four months, which would expire on April 15, 1917. The aforesaid extension of four months having expired, and sufficient reason not existing for conceding to foreigners a further general extension, and the day being near when the strict dispositions of Article 27 of the Constitution reformed in Querétaro with regard to these matters will take effect, it should be decreed, and it is decreed:

I. The period of four months allowed by the decree of December 15 last, which extended the period, also of four months, fixed by the decree of August 15 last, expired on the 15th instant.

II. All the cases already under consideration which have been suspended by virtue of the dispositions of the third section of the decree of August 15 awaiting the certificate referred to therein, will continue suspended until the organic or reglamentary laws based on Article 27 of the Constitution have been passed, which laws shall determine the action to be taken.

III. Whenever, after the promulgation of this present decree and before the passing of the organic or reglamentary laws referred to in the preceding section, the interested parties may present the certificate provided for in the third section of the decree of August 15, the First Chief of the Constitutionalist Army or the Chief of the Federal Executive shall determine whether or not the certificate referred to shall be received, and in case the decision is negative this decision is sufficient definitely to close the case, which shall be filed as soon as the respective decision takes effect.

IV. Bring this decree to the knowledge of interested parties and cause it to be published in the *Diario Oficial*.

Constitution and Reforms

MEXICO, April 24, 1917.

PASTOR ROUAIX,
Minister of Fomento

File No. 812.011/21

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 23, 1917, 10 p. m.

626. Department informed bill introduced Mexican Congress, apparently with sanction General Carranza, providing special concession necessary for petroleum exploitation and giving present owners oil properties one year preferential right obtain such concessions.

On behalf American owners petroleum properties who have expended very large sums in legal acquisition of properties, protest to General Carranza against passage this bill, stating that, in accordance with Department's understanding, Mexican Government will be able, under provisions of bill if adopted, to impose such restrictions by way of taxation regulations and royalties as will be equivalent to nationalization of industry, to injury of present owners whose properties would apparently be liable to practical confiscation.

LANSING

File No. 812.6363/256

Consul Dawson to the Secretary of State

[Telegram]

AMERICAN CONSULATE,
Tampico, January 25, 1917, 5 p. m.

Commander of *Nashville* telegraphed from Tuxpam to the *Tacoma*, Tampico, as follows:

Pelaez demands heavy tribute from American oil companies. Carranza commanders threaten to burn property and shoot managers if any evidence is obtained of such payment.

This confirms my information. Pelaez also demanded tribute from Panuco and Topila producers, threatening to destroy property if refused.

Situation places oil industry in serious dilemma and at the mercy of revolutionists and *de facto* Government, the first controlling sources production and the second shipping facilities

DAWSON

File No. 812.6363/257

The Secretary of State to Mr. Parker, representing American interests

[Telegram]

DEPARTMENT OF STATE,
Washington, January 27, 1917, 1 p. m.

635. Reported by Commander of gunboat *Nashville* at Tuxpam that Manuel Pelaez, operating in oil district, is demanding from American oil companies large sums of money, and that Carranza commanders in vicinity Tuxpam threaten to burn American properties and shoot managers thereof if any evidence is obtained that such payments are being made.

Bring foregoing promptly to attention appropriate authorities, pointing out that some of the companies may be compelled by force of arms to make such payments, and urgently request that *de facto* commanders in oil district be definitely instructed not to molest American properties or their managers. Inform authorities that this Government will appreciate it if such instructions can be forwarded at once by telegraph.

LANSING

File No. 812.6363/264

Mr. Parker, representing American interests, to the Secretary of State

No. 683

MEXICO CITY, February 9, 1917.

SIR: With reference to the Department's telegraphic instruction No. 536¹⁷ of November 7, 7 p. m. directing me to request the proper authorities to furnish for transmission to the Department an official copy of the decree relative to the exploration, exploitation and commerce of minerals, etc., I have the honor to transmit herewith a copy of the note which I have received in reply to my request and the original enclosure therewith, together with translations of the same.

I have [etc.]

CHARLES B. PARKER

[Inclosure 1—Translation]

The Minister of Foreign Affairs to Mr. Parker, representing American interests

MINISTRY OF FOREIGN AFFAIRS,
Querétaro, January 17, 1917.

MR. REPRESENTATIVE: In answer to the esteemed note No. 193 of your excellency, dated November 9 last, I have the honor to make known to you that, in accordance with your request, I herewith send an original copy of the decree dated the 31st of August, 1916, relative to the exploration, exploitation and commerce of minerals, beds of coal, bituminous deposits, petroleum and all other carbides or hydrocarbons, liquid or gaseous, which are found in the subsoil of the National Territory, that your excellency solicited from this office by instructions from the Secretary of State of the United States, advising that in the preamble of the above-mentioned decree the foundations and limits of the same are expressed very clearly.

I repeat [etc.]

C. AGUILAR

[Subinclosure—Translation]

DECREE OF AUGUST 31, 1916, RELATIVE TO THE EXPLORATION, EXPLOITATION AND COMMERCE OF MINERALS, PETROLEUM [ETC.]

Venustiano Carranza, First Chief of the Constitutionalist Army, in charge of the Executive Power of the United Mexican States, in exercise of the extraordinary faculties with which I find myself invested; and considering;

1. That it is the exclusive faculty of the General Government to make obligatory laws for the whole Republic on mining, commerce and banking institutions, national lands and forest, public lands, waters of federal jurisdiction, fishing in territorial waters, and on the organization of work in the various industries.

2. That the fundamental reason on which is based the said faculty is that the branches indicated constitute the principal sources of national wealth, whose legislation and vigilance must be entrusted to one management and administration only, to the effect that, with uniformity of judgment and action, they will direct them to such channels as will protect them for the prosperity and enlargement of the country.

¹⁷ For. Rel. 1916, p. 776.

3. That among these sources of wealth they must consider as included the coal mines, the bituminous compositions, the petroleum and all other carbides and hydrocarbons, liquid or gaseous, which are found in the subsoil of the National Territory, and which for their immense quantity and incalculable value, make of these products a most important element in the commerce, as well in the interior as in the exterior of the Republic.

4. That whatever the laws or dispositions of the Governors of the States in these branches of production, they not only invaded the proper and exclusive sphere of the Federal Government, but also, complicating and even making contradictory the measures tending to their development and expansion, prevented the legislative and administrative unity necessary for their best investment and profit in favor of the general interests and even of the private enterprises.

5. That in the present circumstances it is the imperious duty of the presiding General Government to care for zealously, not only the conservation of the national wealth, avoiding as much as possible the deterioration or diminishing of them, but also to give facilities and measures efficacious for their greatest production and development, which would have much influence in the real pacification and in the financial budget of the Republic, I have seen fit to decree the following:

Article 1. The Governors of the States cannot issue laws or decrees, nor dictate dispositions, nor administrative measures on commerce, mining, banking institutions, forests and uncultivated and national lands, public lands, waters in the Federal jurisdiction, fishing in territorial waters, organization of the work in the various industries, and on the exploration, exploitation and commerce of minerals, coal mines, bitumens, petroleum and all other carbides and hydrocarbides, liquid or gaseous, which are to be found in the subsoil of the National Territory. This prohibition is extended to all branches which are of the exclusive jurisdiction and competition of the Federal authority.

Article 2. All of the laws, decrees and dispositions which have been dictated or are dictated hereafter, by the Governors of the States, on the branches to which the preceding article refers are null and void and of no legal value or effect.

TRANSITORY.

The present law will begin to rule from the date of its expedition.
For this reason I order that same be printed, published [etc.].
Given in the National Palace of Mexico, August 31, 1916.

V. CARRANZA

File No. 812.6363/269

Ambassador Fletcher to the Secretary of State

No. 28

AMERICAN EMBASSY,
Mexico City, March 21, 1917.

SIR: With reference to the Department's telegraphic instruction No. 635 of January 27, 1 p. m. relative to the situation of the American oil companies in the vicinity of Tuxpam, upon which telegram Mr. Parker made representations to the Minister for Foreign Affairs of the *de facto* Government of Mexico, I have the honor to transmit herewith a translation of the note which I have received in reply to the above-mentioned representation.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

The Minister for Foreign Affairs to Ambassador Fletcher

MINISTRY FOR FOREIGN AFFAIRS,
Mexico City, March 12, 1917.

MR. AMBASSADOR: With reference to the note of January 29 last, addressed to this Ministry by Mr. Charles B. Parker, I have the honor to inform your excellency that having requested a report from the military commander at Tux-

pam with respect to the matter of the demands for large sums of money made on American oil companies in that region by bandits under the command of an individual named Manuel Pelaez, and that the military authorities have threatened the properties of the said companies and the managers thereof in case proof was obtained that such payments were being made, the military commander above referred to informs this Ministry in a dispatch of February 26 last that in effect it has come to its knowledge that the companies mentioned furnished the bandits referred to, not only with money, but with arms and munitions.

At the same time the aforementioned official states that foreigners have not been mistreated nor threatened in any way, nor have their properties been molested but that, on the contrary, all courtesies have been given them.

I avail [etc.]

C. AGUILAR

File No. 812.6363/275

Ambassador Fletcher to the Secretary of State

No. 81

AMERICAN EMBASSY,
Mexico City, April 19, 1917.

SIR: Supplementing my telegram No. 106 of April 17, 6 p. m.,² I have the honor to enclose the text and translation of the decree establishing the rates of taxation for petroleum and its products, issued April 13, 1917, by First Chief Carranza of the Constitutionalist Army, to go into effect May 1, 1917.

This decree has not yet been published in the *Diario Oficial* and this text has been copied from a local paper.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

DECREE DATED APRIL 13, 1917, ESTABLISHING THE RATES OF TAXATION FOR PETROLEUM AND ITS PRODUCTS

Venustiano Carranza, First Chief of the Constitutionalist Army, in charge of the Executive Power of the Nation, in the exercise of the faculties with which I am invested; and whereas the production of petroleum in the country should, because of the great development reached in recent years, constitute a source of income for the Federal Treasury which may bear a just relation to the great profits which companies or enterprises dealing in petroleum obtain from this industry; and whereas it is expedient to exempt from the special stamp tax the petroleum which is consumed in the country for the purpose of aiding industry by furnishing an abundant and economical source of combustible; and whereas the quality of petroleum produced in the country varies greatly and should therefore, in order that it may be taxed reasonably and equitably, bear a tax based on the different commercial values fixed in conformity with the variation in quality; and whereas a considerable quantity of this liquid is wasted because due precautions are not taken in exploration work and in its daily handling, this circumstance causing frequent losses not only to the interested companies but also to the Treasury for taxes not received; therefore

I have seen fit to issue the following decree:

Article I. All crude petroleum of domestic production, its derivatives and the gas from the wells, from the moment that they may leave the fields or tanks, will be subject to a special stamp tax, as follows:

A. All crude petroleum of domestic production as well as fuel not intended for domestic consumption will be taxed according to the following tariff:

Fuel oil will be taxed ten per cent *ad valorem* per net ton. The valuation of this oil will be considered as pesos 9.50 when its specific gravity is 0.910, this valuation decreasing by twenty centavos per ton for each one-hundredth increase in specific gravity and oil whose specific gravity is 0.970 being included in this variation.

¹Not printed.

The valuation of fuel oil, the specific gravity of which may be less than 0.910, will increase by forty centavos for each one-hundredth decrease in specific gravity.

The valuation of all petroleum of which the density is greater than 0.970 is fixed at pesos 7.50.

Crude petroleum will be taxed ten per cent per net ton on its valuation; which shall be considered as pesos 14.00 when its specific gravity is 0.910, this valuation decreasing in the same manner as fuel oil as the specific gravity increases to 0.970.

Fuel oil intended for the use of tug-boats and tank steamers in the export service will be subject to the foregoing tariff.

The products derived from refining crude petroleum and from the use of the gas of the wells not used for domestic consumption will be taxed according to the following tariff:

- Refined gasoline, one-half centavo per liter;
- Crude gasoline, one centavo per liter;
- Crude kerosene, one-half centavo per liter;
- Refined kerosene, one-fourth centavo per liter;
- Lubricants, one-fourth centavo per liter;
- Asphalt, pesos 1.50 per ton;
- Gas, five per cent *ad valorem*.

B. Crude petroleum and its derivatives, when wasted in any quantity, either through carelessness or noncompliance with Government regulations, will be taxed double the amount of similar products.

Products derived from natural gas when wasted for the same reasons will be taxed ten per cent of their commercial value.

Article II. The special stamp tax will not apply, except the tax on sales in accordance with the law of June 1, 1906, to the following:

A. All crude petroleum of domestic consumption, whether sold in the country or used in exploration or development work of the companies in the fields or terminals; that which is delivered to the refineries of the country for refining or for use as fuel oil; that used by steamers or tugs in the coastwise trade; and, in general all crude petroleum of domestic production used in any form within the country.

B. All the products derived from crude petroleum of domestic production, whatever may be their denomination or physical state, which are sold or used within the country, provided they have been refined in the refineries of the country, in the fields or terminals of the companies, whatever may be the process employed.

Article III. For the purposes of the present decree crude petroleum is understood to be the natural product as it comes from the wells or springs, provided that it does not contain more than one per cent of water or sediment. Should it contain more, the excess over one per cent will be deducted when the tax payments are made.

Refined petroleum is understood to be all the solid or liquid products of crude petroleum, whatever may be the treatment employed, either mechanical, physical or chemical, which results in the separation of one or more of the substances which comprise the original product. The operation of separating the water from petroleum is excepted, provided that this is done without the application of heat and without the separation of the component parts of the crude petroleum.

Crude gasoline is the distillate corresponding to this product which has not received any treatment of redistillation or purification by acid or alkali. Crude kerosene is the distillate which corresponds to this product which has not undergone any treatment of redistillation and purification with acid or alkali. Refined gasoline and kerosene are those which have received the treatment of redistillation and purification with acid and alkali.

Fuel oils are understood to be the liquid products of a crude petroleum or mixtures of petroleum from which certain oils have been separated to reduce the ignition point. Fuel oils are comprehended in the denomination of refined petroleum, a special classification being made, however, for the purposes of the tax.

Article IV. In order to be able to fix the tax which according to Section A of Article I corresponds to each one of the derivatives of petroleum, the Ministry of Hacienda will issue a bimonthly statement of the above-mentioned articles fixing the prices in the ports of lading, taking the average valuation of these articles for the previous month. The manifests or invoices presented by the

companies covering domestic sales of these articles will be made the basis for the statement referred to. In case that no domestic sales have taken place the average valuation taken will be that of these articles in New York or in other ports of the United States during the previous month, deducting the cost of transporting the products referred to from the Mexican ports to the foreign ports. In case that sufficient data for making the foregoing calculation are not available, a price will be fixed equal to that which similar products may have in the United States, this price being the basis of the tax.

Article V. All moneys which come to the Treasury as the result of compliance with this decree must be paid only in national (Mexican) gold coin.

TRANSITORY

Article I. All laws, regulations and dispositions which contravene the present decree are declared null and void.

Article II. This decree will take effect from May 1, 1917.

Therefore, I order that it be printed [etc.]

Constitution and Reforms

MEXICO CITY, April 13, 1917.

V. CARRANZA

File No. 812.011/48a

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, June 6, 1917, 5 p. m.

234. Your No. 4,¹⁸ February 20, 1 p. m. and No. 8,¹⁸ February 26, 5 p. m.

You are instructed to bring the following to the immediate attention of General Carranza:

This Government is reluctant to believe that it is the intention of the Mexican Government to depart from the assurances given by the Minister for Foreign Affairs who stated to the American Ambassador at an interview on February 20 last, in substance, that the effect of the new Constitution would be in no way prejudicial to existing property rights, calling attention at the same time to an article of the new Constitution which provides that no laws may be made retroactive and again at an interview on February 26, that it was not the intention of the Mexican Government to confiscate American property. In consequence of these assurances, and in view of the international responsibilities assumed by the Mexican Government toward other Governments in seeking their recognition on the basis of equality of rights, the Government of the United States has noted with grave concern evidences of an intention on the part of the Mexican Government to give certain provisions of the Constitution adopted by the Constituent Assembly in January last, retroactive application to the rights of foreign owners of property in Mexico, to the extent of destroying or impairing those rights. This amounts to confiscation, and to this the Government of the United States cannot consent because, as the Mexican Government has already been informed by the Government of the United States, it cannot acquiesce in the direct or indirect confiscation of American owned properties or discrimination against American citizens with reference to their legally acquired rights and interests in Mexico.

¹⁸ See Mining Interests, p. 1038.

In this connection attention is directed to the petroleum export tax decree of April 13 and supplemental regulations which appear to contemplate the confiscation of American rights by retroactive legislation, impairing contractual obligations and, inasmuch as action thereunder is required prior to the 10th instant, they call for immediate consideration.

The Government of the United States invites an expression of the views of the Mexican Government on the principles underlying this subject involving national interests of grave importance which cannot be adequately represented by the private property owners concerned but require direct discussion between the two Governments. Pending the consideration of this matter, the Government of the United States earnestly desires that the enforcement against American interests of any confiscatory or discriminatory enactments be suspended.

LANSING

File No. 812.011/49

Ambassador Fletcher to the Secretary of State

[Telegrams]

AMERICAN EMBASSY,
Mexico City, June 7, 1917, 6 p. m.

229. Inasmuch as the President is sick in bed and your telegraphic instruction No. 234 of June 6, 4 p. m. cannot be complied with immediately I respectfully request reconsideration of that portion of it relating to petroleum taxes. I fear that representations along these lines now will prove fruitless and possibly harmful and may result in a refusal to discuss these questions on the usual Mexican ground that it is an interference in a purely domestic matter, thus precipitating a situation which I think we should avoid at this time. The House of Deputies has just passed a resolution calling on the President to propose a petroleum law based on Article 27 of the new Constitution and it was charged in the debate that the foreign petroleum companies are endeavoring by bribe to delay this legislation.

This Government is in a difficult position and is [omission] its deficit of about seventy million pesos, not counting prerevolutionary debts, at the rate of 5 million pesos monthly without present prospect of securing a loan. Money must be raised and petroleum and mining taxation bearing largely upon foreigners seems popular perhaps because of Mexico's inability to secure foreign financial assistance. From the conversation reported in my telegram 211, June 3, 5 p. m.² I am not [now?] convinced that this Government is disposed to antagonize American interests [perfunctorily?] and as was intimated in that conversation if financial assistance could be secured from us a full and friendly adjustment of these questions now causing difficulty would be arrived at.

This instruction would seem to involve a change in our present policy with regard to Mexico. I hope that further efforts may be made to work out a satisfactory settlement along lines of friendly cooperation in which American interests will receive proper consideration.

²Not printed.

However, I realize that the Department is in a better position to judge and I shall not fail to carry out in letter and spirit your instructions in the premises, but it seems to be my duty especially as no time will be lost to bring these considerations to your notice.

FLETCHER

File No. 812.011/53

AMERICAN EMBASSY,
Mexico City, June 11, 1917, 11 p. m.

235. Your telegram 234, June 6, 5 p. m., and my 229, June 7, 6 p. m. Received confidential information that petroleum decree called for by Congress has been prepared and was about to be issued. I requested Foreign Office today to ask President Carranza to delay promulgation as I believed you might wish to have me present to him certain considerations on this subject. I hope to secure draft of proposed decree to-morrow and I am informed confidentially that it will provide tax equivalent to about ten per cent but that the Government is disposed to give sympathetic consideration to views of oil companies (?) and other matters outstanding between companies and the Mexican Government. It will be difficult if not impossible under the pressing circumstances to delay very long the issuance of this decree. Will telegraph synopsis as soon as draft is received.

FLETCHER

File No. 812.6363/282

The Acting Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, June 16, 1917, 3 p. m.

267. Following telegram dated June 13 has been received from American Consul, Tampico.

We understand Mexican Government officials will not grant oil company permits to drill wells on leases taken since February 5, date new Constitution was promulgated. Acting upon official announcement that new Constitution would be effective May 1 and not before, many American oil companies acquired numerous leases between February 5 and May 1. McHenry.

POLK

File No. 812.6363/283

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, June 23, 1917, 3 p. m.

285. Referring to Department's 234, June 6, your 229 June 7, 235 June 11.

Would this in your opinion be an opportune time to call to General Carranza's attention the announced purpose of the legislative branch of his Government to adopt legislation declaring petroleum to be the property of the nation as reported in *El Universal* of June 4 and to ask him whether it is the purpose of his Government to

adopt such legislation pointing out in this connection that if this proposed legislation is given retroactive application to existing American rights in petroleum property in Mexico, the views of the Government of the United States expressed in the above-mentioned communication of June 6 as to confiscatory and discriminatory enactments against American owned properties in Mexico will demand immediate consideration. This subject is of course of great interest to many American companies. The Department however believes you should use your discretion in determining whether this matter should be agitated at this time.

LANSING

File No. 812 6363/288

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, June 27, 1917, 5 p. m.

278. Your telegram 285, June 25, 3 p. m. There seems to be a misapprehension on this subject. By translation Article 6 [transitory Article 6] of the new constitution general legislative action at this extraordinary session is limited to laws submitted by the Executive. The petroleum bill, which the House of Deputies by resolution invited the Executive to submit, was to have been prepared by the Department of Commerce and Industry and was to have been presented to the President for his consideration last week. It was stated that after the President should have examined the bill he would refer it to the Department of Hacienda. As to the revenue features, I am unable to locate just where the project is at present but do not believe it has reached the Department of Hacienda. If not presented to Congress at this session it cannot be discussed until regular session beginning September 1. I am following the matter with the closest attention and will not fail to make opportune representation. I do not anticipate that bill will contain retroactive provisions. You will understand however that values on which export taxes on petroleum are based are revised every two months by the Department of Hacienda.

FLETCHER

File No. 812.6363/292

Chargé Summerlin to the Secretary of State

No. 311

AMERICAN EMBASSY,
Mexico City, July 9, 1917.

SIR: With reference to the Department's telegram No. 267, June 16, 3 p. m., relative to the refusal on the part of officials of the Mexican Government to grant permits to oil companies to drill wells acquired under leases of dates subsequent to February 5, 1917, I have the honor to enclose herewith, copies and translations of my *note verbale* of June 22 to the Minister of Industry and Commerce on the subject, and of his reply of June 28.

I have [etc.]

GEORGE T. SUMMERLIN

[Inclosure 1]

Ambassador Fletcher to the Minister of Industry and Commerce

The Ambassador of the United States of America presents his compliments to his excellency the Secretary of Industry and Commerce, and has the honor to state that he has received a telegram from the Department of State of the United States in which he is informed that according to information which has been received, the officials of the Mexican Government decline to grant permission to petroleum companies to sink wells acquired under leases entered into since the 5th of February of the present year, on which date the new Constitution was promulgated. It is said that various American companies acquired rights for the sinking of wells during the period between the 5th of February and the 1st of May, based on statements of the Mexican Government that the new Constitution would not go into effect prior to the 1st of May.

In view of the above, the Ambassador, under instructions from his Government, requests His Excellency, the Secretary of Industry and Commerce, to kindly inform him in the premises, for which he anticipates his thanks.

Mr. Fletcher avails [etc.]

AMERICAN EMBASSY,
Mexico, June 22, 1917.

[Inclosure 2—Translation]

The Minister of Industry and Commerce to Ambassador Fletcher

MEXICO CITY, June 28, 1917.

MR. AMBASSADOR: I have the honor to reply to your excellency's esteemed letter of the 22d instant, in which you are pleased to inform me that the Department of State of the United States of America, which has been informed that the officials of our Government decline to grant permission to companies to sink wells acquired under leases entered into since the 5th of February of this year, wishes to know the legal status of the said petroleum companies.

It is true that on the 24th instant the Department of Petroleum of this Ministry issued to petroleum agencies, a telegraphic order prohibiting, until further notice, the issuance of permits for the sinking of petroleum wells, on lands leased on dates subsequent to the 5th of February, on which date the new Federal Constitution was promulgated. According to the text of Article 27 in relation to the first of the transitory articles of our Fundamental Law, the direct control of petroleum and of all hydrocarbons corresponds to the Nation as from the 1st of May. Leases, or contracts of whatever nature relating to the exploitation of these mineral products, entered into on dates prior to the promulgation of the Constitution are presumed to have been made in good faith; but not those which were made subsequent to that date, because the subsoil from which the products are to be secured, and which is the basis of such contracts, does not belong, according to said Law, to the owner of the surface lands, by virtue of the nationalization imposed by the text referred to.

The prohibition declared is, therefore, but a part of the measures taken covering the constitutional text for the purpose of making the same effective.

I renew [etc.]

A. J. PANI

File No. 812.6363/292

The Secretary of State to Consul Dawson

No.161

DEPARTMENT OF STATE,
Washington, July 26, 1917.

SIR: Referring to Vice Consul McHenry's telegram of June 13, 5 p. m. stating that officials of the Mexican Government will not grant oil companies in your district permits to drill wells on properties leased by them since February 5, 1917, the date on which the new Mexican constitution was promulgated, the Department encloses herewith, for your information, a copy of a despatch dated July 9,

1917, from the American Embassy at Mexico City, enclosing a translation of a note from the Mexican Minister of Industry and Commerce, in which he states that the Department of Petroleum, Mexico City, issued an order on June 24, to petroleum agencies, prohibiting until further notice, the issuance of permits for the sinking of petroleum wells located on lands leased since February 5, last.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

File No. 812.63/481

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, August 2, 1917, 7 p. m.

351. In interview with President this morning I informed him that American oil and mining interests were concerned with regard to the attitude of the Mexican Government with reference to the so-called nationalization of these industries. In reply he assured me that they need not be; that it was not the intention of the Mexican Government to take over properties now in exploitation and distinctly stated that there would be no confiscation of these properties.

FLETCHER

File No. 812.63/481

The Acting Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, August 6, 1917, 5 p. m.

386. Your 351, August 2, 7 p. m. Please avail yourself of first favorable opportunity to inform President Carranza that the Government of the United States has taken due note of his assurance that American oil and mining interests need not be concerned over Mexican Government's attitude toward their properties; that it is not the intention of the Mexican Government to take over properties now in exploitation; and that there will be no confiscation of such properties.

POLK

**SEIZURE AND CONFISCATION OF AMERICAN PROPERTIES, AND
FORCED LOANS IMPOSED ON AMERICAN CITIZENS ¹⁹**

File No. 312.115R39/15

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, April 4, 1917, 6 p. m.

93. Reference Department's March 28, 3 p. m.² Department informed authorities have taken possession certain property of Ameri-

¹⁹Not printed.

²⁰Continued from For. Rel. 1916, p. 776.

can owned Richardson Construction Company and have commenced sale in Guaymas of company's movable property. Proceedings apparently based upon exorbitant taxes levied by military decree in violation of contract between Richardson Company and State Sonora, dated September 21, 1909 and running ten years. Reported similar proceedings ordered against other American interests.

Urgently renew representations and request issuance orders for suspension of proceedings of attachment and sale so that matters of difference may be thoroughly investigated by two Governments. Report immediately.

LANSING

File No. 312.115R39/19

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, April 12, 1917, 3 p. m.

85. My telegram No. 81, April 11, 3 p. m.² I am informed that the Sonora authorities have been ordered by telegraph to suspend proceedings as requested and to make a report on the matter.

FLETCHER

File No. 312.115R39/20

The Secretary of State to Ambassador Fletcher

[Telegrams]

DEPARTMENT OF STATE,
Washington, April 17, 1917, 5 p. m.

117. Your April 12, 3 p. m. Richardson Company reports embargo reimposed April 13.

Urgently request sufficient suspension to allow thorough investigation.

LANSING

File No. 312.115R39/34

DEPARTMENT OF STATE,
Washington, May 12, 1917, 7 p. m.

177. Your telegram 138, April 27, 4 p. m.² Consul, Nogales, reports Governor, Sonora, unyielding in matter Richardson Company tax.

Please endeavor obtain from Mexican Government statement regarding results of instructions which Foreign Office promised would be sent to Sonora authorities. Telegraph report.

LANSING

²Not printed.

File No. 312.115R39/35

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, May 16, 1917, 8 p. m.

180. Department's 177, May 12, 7 p. m. Foreign Office states that inasmuch as proceedings had been begun in the Richardson case no further suspension could be obtained but nevertheless suspension has been granted in case of Stocker and other owners.

FLETCHER

File No. 312.115/310

Collector Cobb to the Secretary of State

[Telegrams]

EL PASO, *June 20, 1917, noon.*

Informed confidentially by party whose agent at Chihuahua was approached that Chihuahua Government authorities are calling for forced loan of twenty-five thousand dollars. This in spite of the fact that they have money on deposit in El Paso. My June 19, noon.²

COBB

File No. 312.115/312

EL PASO, *June 27, 1917, 4 p. m.*

Telegram today from Chihuahua agent to American S. and R. Company office here that authorities there have assessed company five thousand pesos as part of forced loan to pay troops, also expressing belief that train service between Chihuahua and Juarez would be resumed immediately. See my June 26, 4 p. m.² and June 27, noon.² Confirmatory information from others of forced loan.

COBB

File No. 312.115/314

EL PASO, *June 28, 1917, 11 a. m.*

My June 27, 5 p. m.² Chihuahua Mining Company received telegram last night from Chihuahua agent:

We had to loan forcibly to the Government five thousand pesos which they will discount from taxes. We could not avoid it.

Hard to justify this as they have ample money in Juarez and plan to run train with military escort to Chihuahua to-day.

COBB

File No. 312.115/315

EL PASO, *June 29, 1917, 11 a. m.*

Train left Juarez for Chihuahua yesterday. Two trains including passenger train from Torreon reached Juarez from Chihuahua last night. Another left Juarez for Chihuahua this morning. With communication now opened and with ample money in Juarez custom-house there is no excuse for General Gonzales to maintain forced loan. Large companies may recover amounts advanced through

²Not printed.

credit on taxes. Little ones cannot. Names all parties assessed not yet available. If consistent, recommend that Carranza be called upon to order Chihuahua authorities to make immediate restitution.

COBB

File No. 312.115/316

EL PASO, June 29, 1917, 3 p. m.

My June 29, 11 a. m. Letter from Chihuahua dated 27th just received with information that forced loan was intended to raise five hundred thousand pesos, at present rate of exchange over two hundred and fifty thousand dollars, and that ten parties had then been imprisoned for failure to respond; this included some foreigners.

COBB

File No. 312.115/314

The Secretary of State to Collector Cobb

[Telegram]

DEPARTMENT OF STATE,
Washington, June 30, 1917, 1 p. m.

Ascertain, if possible, truth of reported incidents your June 28, 11 a. m., and keep Department advised of any new developments.

LANSING

File No. 312.115/319

Collector Cobb to the Secretary of State

[Telegrams]

EL PASO, June 30, 1917, 4 p. m.

Letter from Chihuahua 28th.

Yesterday afternoon at four we were called to State Treasury and told to put up our share of forced loan by six or go to penitentiary where twenty including Britisher Finey were later sent. They said this money would be repaid as soon as General Murguia gets back. He was in Zacatecas yesterday and ought to get there to-morrow if he does not stop at his ranch near Coloraca.

No information yet of Murguia reaching Chihuahua. If it is the intention to repay the loan, although they have the money, there is no indication of it yet.

COBB

File No. 312.115/321

EL PASO, July 3, 1917, 5 p. m.

Responsible American merchant banker, just from Chihuahua informs me that on morning of June 26, merchants, business men and agents of operating [?] in Chihuahua were notified by police to appear at Governor's office. Upon appearing they were notified of forced loan. Those failing or refusing to promptly pay same were imprisoned until same was paid. Receipt reads substantially

In payment of forced loan ordered by the Governor of the State which will be returned from money that is to come.

No one except authorities has complete list of parties assessed. Including among them were Germans Ketelsen and Degetau said to have been assessed ten thousand pesos, Americans Krakauer, Zork, and Moye, American Smelting and Refining Company, Chihuahua Potosi Mining Company, each five thousand pesos, Barron two thousand, George Johnson one thousand, and Englishmen Chihuahua Investment Company owned by Dale Brothers five thousand, and Philip Baber one thousand, and various French, Italian, Spanish, Arabs and other foreign and native merchants. Gallan, Mexican agent of the Smelting Company, Finey, English agent of Baber, Soul, Mexican agent of Dale Brothers and Bovio, Italian mine owner among those imprisoned. Numerous others, names unknown, were also imprisoned.

Military authorities disclaim responsibility for forced loan but made arrests of individuals failing to comply with same. Troops had not been paid except partially for two months and this was given as excuse for loan. There had been no indication of restitution as late as July 3.

COBB

File No. 312.115/315

The Secretary of State to Collector Cobb

[Telegram]

DEPARTMENT OF STATE,
Washington, July 3, 1917.

Your June 29, 11 a. m. Should any American companies complain to Department, prompt consideration will be given matter.

LANSING

File No. 312.115/322

Collector Cobb to the Secretary of State

[Telegrams]

EL PASO, July 5, 1917, 6 p. m.

General Francisco Murguia is back in Chihuahua. Americans affected by general loan inclined to wait and see what he will do before asking assistance of Department.

COBB

File No. 312.115/323

EL PASO, July 6, 1917, 4 p. m.

Department's undated message of July 3. Just informed that American S. and R. Company by letter from its General Manager at Monterey July 2 protested directly to Carranza. Said company and Chihuahua Potosi Mining Company together undertook protest through Mexican Consul General here which probably was not transmitted. I urged them to make their complaint to and through State Department and am now informed that local managers have written New York office to-day in effect so recommending.

COBB

File No. 312.115/324

EL PASO, July 7, 1917, noon.

Repayment promised July 15, but promise is not believed. Merchants there greatly depressed by increasing excessive business tax in addition to general loan.

COBB

File No. 312.115R39/43

The Acting Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, July 10, 1917.

314. Your June 23, 1 p. m.,² Richardson Construction Company. Company reports Governor Calles has ordered immediate resumption sale account delinquent taxes.

Urgently renew representations looking to postponement sale and point out that statement promised by Foreign Office regarding this case has not been received.

POLK

File No. 312.115/329

Collector Cobb to the Secretary of State

EL PASO, July 13, 1917.

DEAR MR. SECRETARY: Referring to my telegram of July 12, 9 a. m.,² as follows:

Referring Chihuahua forced loan, American citizen Barron informed by Chihuahua agent Government has repaid eight hundred fifteen dollars on thousand dollar loan, balance assessed and applied on taxes. Anticipate similar settlements for others.

Mr. Johnson, the American merchant and banker of Chihuahua, came up to El Paso last night and returned to Chihuahua this morning. He brought the information that the forced loan had been generally repaid.

I learned from the Chihuahua (Potosi) Mining Company that their loan of \$2,500 gold (5,000) pesos is being adjusted by crediting the same upon their export taxes.

Yours sincerely,

Z. L. COBB

File No. 312.115R39/5

The Acting Secretary of State to Special Representative Rodgers

[Telegram]

DEPARTMENT OF STATE,
Washington, July 17, 1917, 7 p. m.

216. Department's July 14, 5 p. m.²⁰ Simpich reports interviewing Governor who states Richardson Company's property was seized because owned by country's enemies; but now that war is avoided he is ordering administrator to relinquish possession property.

POLK

² Not printed.²⁰ For. Rel. 1916, p. 783.

File No. 312.115R39/51

Ambassador Fletcher to the Secretary of State

No. 423

AMERICAN EMBASSY,
Mexico City, August 22, 1917.

SIR: With reference to my telegram No. 383, of August 16, 4 p. m.,² reporting that I had been informed by the Subsecretary for Foreign Affairs that telegraphic orders had been sent to the authorities in Sonora to suspend all proceedings against the Richardson Construction Company pending further investigation, I have the honor to forward, herewith, copy and translation of a *note verbale* from the Foreign Office, dated yesterday, confirming the verbal statement made by Mr. Garza Pérez on the 16th instant, and now making the statement that proceedings against the company have been stopped pending the receipt of a report giving the full details of the case so that definite and just action could be taken in the matter.

I have [etc.]

HENRY P. FLETCHER

[Inclosure—Translation]

The Subsecretary of State, in charge of the Foreign Office, to Ambassador Fletcher

The Subsecretary for Foreign Affairs, in charge of the office, presents his compliments to his excellency, Mr. Henry P. Fletcher, Ambassador Extraordinary and Plenipotentiary for the United States of America, and has the honor to say, referring to previous correspondence on the subject, that by reason of special instructions given by the Central Government to the Governor of the State of Sonora proceedings against the Richardson Construction Company have been suspended until full particulars in the matter have been received so that definite and just action can be taken in the case.

The Subsecretary for Foreign Affairs takes pleasure [etc.]

MINISTRY FOR FOREIGN AFFAIRS,
*Mexico City, August 21, 1917.***EMBARGO ON THE EXPORTATION OF ARMS AND MUNITIONS
INTO MEXICO²¹**

File No. 812.113/5391a

*The Secretary of State to Mr. Arredondo*DEPARTMENT OF STATE,
Washington, December 1, 1916.

MY DEAR MR. ARREDONDO: As soon as you left my office this morning I called to see the Secretary of War in regard to the raising of the embargo on arms and ammunition into Mexico, and presented to him in as favorable a light as I could the situation as you stated it to me.

The Secretary of War told me that the advices received by the military authorities of the United States were that the line of communication between Juarez and Chihuahua had been cut by the bandits operating in that region and that to ship arms south from Juarez would be to let them fall into the hands of the common enemy of Mexico and the United States.

² Not printed.²¹ Continued from For. Rel. 1916, p. 787.

In view of these facts he stated it to be, from a military standpoint, most inexpedient to permit any shipments at the present time; and that while he realized the Mexican point of view and sympathized with your Government in the difficulties which it was called upon to face he could not bring himself to authorize a raising of the embargo.

In view of the opinion and decision thus expressed by the Secretary of War I regret extremely to say that for the present nothing can be done to relieve the shortage of ammunition from which, you tell me, General Trevino is suffering.

Very sincerely yours,

ROBERT LANSING

File No. 812.113/5770

Mr. De Negri to the Secretary of State

WASHINGTON, February 5, 1917.

MY DEAR MR. LANSING: I have the honor to address your excellency upon instructions received from the Secretary of Foreign Affairs of my country, to the effect that I solicit special permission from the Government of your excellency, to export from this country to the Republic of Mexico, one million of 30-30 cartridges, and one million seven millimeters, which will be sent via Eagle Pass or Laredo, Texas, for the use of General Murguia, Commander of the Constitutionalist forces in the State of Chihuahua, in an effort to strengthen vigorously the campaign against the remnant bandits in Chihuahua.

I earnestly hope that the Government of your excellency will grant the requested permission, notwithstanding the existing orders of your Government on the embargo of arms and ammunition against my country, as I honestly believe that the motives which forced the Government of your excellency to establish such embargo, have disappeared.

In begging your excellency to give all your high consideration to the permission that in the name of my Government I ask from the Government of your excellency, as well as to the reasons that justify me to take this step, I take pleasure in reiterating [etc.]

R. P. DE NEGRI

File No. 812.113/5770

The Secretary of State to Mr. De Negri

DEPARTMENT OF STATE,
Washington, February 10, 1917.

SIR: I am in receipt of your letter of February 5, 1917, requesting that permission be given for the exportation, from the United States to Mexico, of two million rounds of ammunition, for the use of General Murguia, Commander of the forces of the *de facto* Government of Mexico in the State of Chihuahua.

It is regretted that I do not see my way clear to recommend that permission be given for the shipment of this ammunition, at this time.

I am [etc.]

ROBERT LANSING

File No. 711.12/50

Ambassador Fletcher to the Secretary of State

No. 200

AMERICAN EMBASSY,
Mexico, June 5, 1917.

SIR: Confirming my confidential telegram No. 211 of June 3, 5 p. m.,² I have the honor to report that I met General Pablo Gonzalez at dinner at the Belgian Legation last Friday evening, and after dinner had a long private conversation with him on the relations between the United States and Mexico.

The General began the conversation by stating that he had wanted for a long time to have an informal talk with me, and was very glad of this opportunity. He asked me what I thought of the Mexican situation. I replied that, as far as I could see, everything seemed to be going very well. He said the situation was as good as could be expected under the circumstances, but that it was of the utmost importance for the pacification of the country, that the Mexican Government secure as quickly as possible a considerable quantity of ammunition. He intimated—which I know to be a fact—that the national production is of decidedly inferior quality, insufficient, and extremely costly. He said that the Mexican Government was in urgent need of the ammunition which they had bought and paid for in the United States, and which is now, and has been for some time, detained by orders of the United States at the frontier. He said that he personally was very anxious that Mexico should define her position in the great world war, and that he believed she should range herself alongside of the United States. He stated that during the trying times of the revolution, his family had lived in Texas and had received every consideration, and that he had very kindly feelings towards our country, to which he felt Mexico must look for moral, military and financial assistance.

I replied that I was very glad indeed to hear him express such sentiments, but felt that the active German propaganda, the speeches of Ugarte under the patronage of the National University, and the general tone of the Mexican press, indicated a very different state of public opinion. He said our enemies had taken advantage of the recent difficulties between the United States and Mexico, and that Mexican public opinion believed, and would continue to believe as long as the rigid embargo on arms and ammunition should be enforced by our Government, that the United States regards Mexico and the Mexicans with suspicion and distrust and as potential enemies. He said that now that Constitutional Government had been established and friendly diplomatic relations resumed between the two countries, the maintenance of the embargo necessarily made a bad impression, not only upon the Government, but on the Mexican public generally, and that if our Government would consent to allow the Mexican Government to receive the ammunition consigned to it and now detained at the frontier, the first and principal obstacle toward better relations between the two Governments and peoples would be removed, and that he could assure me that public sentiment would change almost instantly. I told him that one of the President's principal reasons for maintaining the embargo was the

²Not printed.

fear that the ammunition would fall into the hands of the Villistas and other enemies of the Mexican Government. The General replied that there should be no uneasiness on this score, and that he could guarantee that all proper and adequate precautions would be taken. He said that President Carranza and his leading friends and counselors realized the absolute and pressing necessity of pacifying the country by stamping out the numerous small bands operating in the various parts of the Republic, and that while these bands do not constitute a real political menace, their suppression is a prerequisite of normal economic, agricultural and industrial conditions in the Republic. He added that without assistance and cooperation in this respect from the United States, the pacification of the country might be delayed for a long time. He said it seemed to him that the interest of the United States, both individually and as one of the Allies in the great war, was on the side of the early pacification and prompt restoration of prosperous agricultural and industrial conditions in Mexico, whose products, so necessary at this time, could only find a market in the United States and allied countries.

General Gonzalez also referred at some length to the financial condition of the Government. He said that the revolution had been won against tremendous odds, and that the Government would need financial assistance if it hoped to make any but the slowest progress towards the country's rehabilitation. In his opinion, this financial assistance could and should come only from the United States. I pointed out to him that certain acts and decrees of the Revolutionary Government in the pre-Constitutional period, and a number of the provisions of the new Constitution itself, had caused an unfortunate impression in business, financial and religious circles in the United States, and that the Department itself was at a loss to understand the import of some of these official acts and the intentions of the Mexican Government toward American citizens and legitimate and honestly acquired American interests in Mexico. The General said that he realized that some of the things which had been done and some of the provisions of the Constitution might well raise doubts on this score, but that the Mexican Government and Congress would set these doubts at rest in case the plan of closer relations between the two Governments should meet with approval. He intimated that there would be no difficulty in this respect. He repeated that he was expressing merely his personal views, but as one of the leaders of the revolution he had certain responsibilities for its successful consolidation, and could exert considerable influence on the course of events. He said that he had discussed these matters with the President and would again confer with him the following day on the subject of his conversation with me.

As I have heretofore reported to the Department, the question of raising, to some extent at least, the embargo on arms, bought, paid for and consigned to the Mexican Government, was one of the first subjects mentioned by Mr. Carranza to me. He has frequently mentioned it to me, and referred in his public address to Congress, on the 15th of April last, to the continuance of the embargo as hard to understand in view of the resumption of friendly diplomatic relations. General Obregón has also, in informal conversation, referred to their pressing necessity for this ammunition, and hoped that our Government would soon modify its policy in this respect. Cabrera, Hay,

President of the Chamber of Deputies, and, in fact, almost all the prominent men identified with the present Government of this country, have spoken to me on the subject and urged my assistance and cooperation. The press, as might be expected, has been unanimous on this subject.

I have refrained hitherto from making any recommendation on the subject, as I wished to satisfy myself thoroughly in regard to it, and I realize the responsibility involved. I recommend that five million rounds of the Mexican ammunition now detained at the border, be released as requested. Even if difficulties should subsequently arise in our relations with Mexico—which I do not anticipate—this quantity would be a comparatively negligible factor. It is to our interest that this Government be given all proper support to enable it to pacify the country and restore normal economic conditions. It is quite possible that without this support on our part, conditions may arise in Mexico which would distract our attention and seriously interfere with the concentration of all our efforts on the great enterprise in which we are now engaged. As long as the embargo is maintained as at present, internal conditions will improve but slowly, if at all, and our relations with Mexico will be clouded by suspicion and unfriendliness. The embargo, unless we contemplate war with Mexico, must be raised sooner or later, and I think the time has now come for it to be modified to the extent above indicated. This will give me an opportunity to determine whether the effect will be what President Carranza, General Gonzalez and other leading Mexicans believe it will be. If the effect on the Mexican Government and Mexican public opinion should prove beneficial, the way is open for a solution of our Mexican difficulties, along lines of friendly assistance, mutual confidence and self-respect.

While, as stated in my telegram, this to me appears to be a diplomatic rather than a military question, I would suggest that, if the War Department desires expert opinion, Major Frank R. McCoy, until recently Military Attaché of this Embassy, who should have arrived in Washington this week, be consulted.

I have [etc.]

HENRY P. FLETCHER

File No. 812.113/8561

The Mexican Ambassador to the Secretary of State

[Translation]

No. A-151

MEXICAN EMBASSY,
Washington, July 7, 1917.

EXCELLENCY: I have the honor to inform your excellency that my Government has instructed me to deliver to your excellency the following note:

MR. SECRETARY: I have the honor to apprise your excellency that there are now detained at the frontier, by order of the American authorities the following munitions: 2,000,000 seven-millimeter cartridges and 133,000 30 x 30 cartridges at Laredo; 450,000 30 x 30 cartridges at Eagle Pass, and 150,000 30 x 30 cartridges at El Paso.

As this ammunition was bought by the Government of Mexico prior to the prohibition to export arms and ammunition from the United States of America ordered by the Government of that Republic, the Citizen President of the United Mexican States asks, through your excellency's worthy medium, the President of the

United States of America, to be pleased to direct whom it may concern to let the above-described ammunition be forwarded to the Mexican Government on the ground that they were detained on the strength of an order which was not in effect at the time of the purchase.

Hoping that the Government of the United States guided by the highest principles of justice and the wish not to injure the rights of Mexico, will be pleased to accede to the desires of the Mexican Government, I take pleasure in renewing to your excellency the assurances of my highest and most distinguished consideration.

E. GARZA PÉREZ,

Undersecretary of State for Foreign Relations

I have the honor to bring the contents of the foregoing note to your excellency's knowledge with the hope that in the desire to affirm the good friendship that exists between the two countries, my Government's wishes will be attended to, and thanking your excellency in advance therefor, I renew [etc.]

Y. BONILLAS

File No. 600.119/223a

Proclamation by the President

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas Congress has enacted, and the President has on the fifteenth day of June, 1917, approved a law which contains the following provisions:

"Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another.

"Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out, any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than \$10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so delivered or exported, shipped, or taken out, or so attempted to be delivered or exported, shipped, or taken out, shall be seized and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

"Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice

served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than \$10,000 or imprisoned not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States."

And whereas, the public safety requires that succor shall be prevented from reaching the enemy;

Now, therefore I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern that, except at such time or times and under such regulations and orders and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coal, coke, fuel oils, kerosene and gasoline, including bunkers; food grains, flour and meal therefrom, fodder and feeds, meat and fats; pig iron, steel billets, ship plates and structural shapes, scrap iron and scrap steel; ferro-manganese; fertilizers; arms, ammunition and explosives, shall not, on and after the fifteenth day of July, 1917, be carried out of or exported from the United States or its territorial possessions to Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions or protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions or protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Germany, her colonies, possessions or protectorates, Great Britain, her colonies, possessions or protectorates, Greece, Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Japan, Liberia, Leichtenstein, Luxemburg, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, The Netherlands, her colonies, possessions, or protectorates, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions, or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions or protectorates, Sweden, Switzerland, Uruguay, Venezuela, or Turkey.

The orders and regulations from time to time prescribed will be administered by and under the authority of the Secretary of Commerce, from whom licenses, in conformity with the said orders and regulations, will issue.

In Witness Whereof I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the city of Washington this ninth day of July, in the year of our Lord one thousand nine hundred and seventeen and of the independence of the United States of America the one hundred and forty-second.

[SEAL]

WOODROW WILSON

By the President,

FRANK L. POLK,

Acting Secretary of State

File No. 812.113/8386

The Acting Secretary of State to Chargé Summerlin

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, July 19, 1917, 9 p. m.

337. Please ask an interview with President Carranza and say to him that the President, upon the recommendation of Ambassador Fletcher, has ordered the release of the 2,733,000 cartridges now detained at the border. The Ambassador on his return to Mexico at the end of the month will arrange with President Carranza details of delivery in order to prevent its falling in hands of the revolutionists.

POLK

File No. 812.113/8386

*The Acting Secretary of State to the Mexican Ambassador*DEPARTMENT OF STATE,
Washington, July 20, 1917.

MY DEAR MR. AMBASSADOR: I am in receipt of your note of July 7, 1917, in which you quote a note from the Mexican Foreign Office, requesting that permission be given for the exportation from the United States to Mexico of the following munitions of war: 2,000,000 seven-millimeter cartridges and 133,000 30×30 cartridges, via Laredo, Texas.

450,000 30×30 cartridges, via Eagle Pass, Texas.

150,000 30×30 cartridges, via El Paso, Texas.

In reply I am pleased to inform you that the Government of the United States has authorized the exportation of the three shipments in question.

I am [etc.]

FRANK L. POLK

File No. 812.113/8508

Chargé Summerlin to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, July 20, 1917, 7 p. m.

324. I complied your telegraphic instruction No. 337, this afternoon, in an interview with President Carranza who requested me to communicate to the President his sincere thanks for this manifestation of friendship and understanding of the situation in Mexico.

SUMMERLIN

File No. 812.113/8386

The Acting Secretary of State to Consul Dawson

[Telegram]

DEPARTMENT OF STATE,
Washington, July 21, 1917, 4 p. m.

For your information. Following statement given to press by Department:

In response to a request from the Mexican Government, the Department of State has informed the Mexican Government that it will release for shipment

into Mexico 2,700,000 rounds of ammunition belonging to the Mexican Government. This ammunition was ordered and paid for by the Mexican Government prior to the embargo on the shipment of arms and munitions into Mexico, and has been held in storage on the border for more than a year and a half. The Mexican Government represented to the Department of State that it was in urgent need of the ammunition, and that it was absolutely necessary for safeguarding important lines of communication and to afford protection in the outlying districts to American and other foreign interests engaged in the production of war material essential to the United States at this time.

Ambassador Fletcher will return immediately to Mexico and arrange with the Mexican Government details of delivery which will insure its reaching the hands of the representatives of the Mexican Government.

The State Department reached a decision in the matter after full consultation with the War Department and Ambassador Fletcher.

POLK

File No. 812.113/8664

The Acting Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE,
Washington, July 26, 1917.

MY DEAR MR. AMBASSADOR: I am in receipt of your note of July 7, 1917, in which you quote a note from the Honorable the Undersecretary of State for Foreign Affairs of your Government, in which he expresses the hope that this Government may see its way clear to remove restrictions on the exportation of explosives intended for industrial purposes in Mexico.

In reply I beg to inform you that, on July 9, 1917, the President issued a proclamation restricting the exportation of various articles to foreign countries, including explosives referred to in your note, except under license issued by the Department of Commerce, under the supervision of the Exports Embargo Council.

I have taken pleasure in communicating the note of the Honorable the Undersecretary of State for Foreign Affairs of your Government to the Exports Embargo Council, with the request that the Council give the matter careful consideration.

I enclose herewith, for your information, a copy of the President's Proclamation of July 9, 1917, and also a copy of a statement which I gave to the press, some days ago, with reference to shipments of explosives and other articles to Mexico.

I am [etc.]

FRANK L. POLK

File No. 812.113/8767

Ambassador Fletcher to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Mexico City, August 2, 1917, 6 p. m.

350. Have had a long interview with President Carranza who asked me to express his appreciation of the action of our Government in regard to cartridges. He stated that he would like to have the cartridges delivered in various lots at several Mexican frontier points along the railway and will furnish me with a memorandum indicating the amount and destination. He says this arrangement will be much more convenient and safer than bringing the entire quantity into

Mexico via Laredo and then sending it across to Chihuahua and other places where it is needed. I suggest that I be instructed to inform him that such an arrangement will be satisfactory to us.

FLETCHER

File No. 812.113/8767

The Acting Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, August 3, 1917, 6 p. m.

378. Your 350. You may inform President Carranza proposed arrangement satisfactory to this Government.

POLK

File No. 812.113/9155

Ambassador Fletcher to the Secretary of State

[Telegram—Extract]

AMERICAN EMBASSY,
Mexico City, September 11, 1917, 11 p. m.

432. President Carranza informs me that General Gonzalez has telegraphed him from Laredo that all cartridges released by us have been sent from San Antonio to Laredo. He therefore requests that appropriate orders be given authorities at Laredo to pass entire consignment and it will be cheaper and more convenient to receive them all at Laredo and make distribution from this side than to follow arrangement originally provisioned in my 357.² Please reply.

FLETCHER

File No. 812.113/9155

The Secretary of State to Ambassador Fletcher

[Telegram]

DEPARTMENT OF STATE,
Washington, September 14, 1917, 4 p. m.

444. Your 432, September 11, 11 p. m. I have recommended to Exports Administrative Board that it instruct Collector at Laredo, by telegraph, to release entire consignment of cartridges.

LANSING

File No. 812.113/8664

The Mexican Ambassador to the Secretary of State

[Translation]

No. A. 152

MEXICAN EMBASSY,
Washington, July 7, 1917.

EXCELLENCY: I have the honor to inform your excellency that my Government has instructed me to deliver to your excellency the following note:

²Not printed.

MR. SECRETARY: I have the honor to inform your excellency that several concerns and companies frequently must import explosives from the United States in order to carry on and improve their works, and the Government of Mexico desiring to remove the difficulties that stand in the way of their obtaining the requisite explosives, the Citizen President of the United Mexican States has seen fit to direct me to apply to your excellency, as I hereby have the honor to do, and to bring to your kind attention the necessity of allowing the export of explosives for industrial purposes without any restriction on the part of the United States of America.

In having the honor to express to your excellency my thanks in advance for such action as you may be pleased to take in compliance with the wishes of the Government of Mexico, I take pleasure in reiterating to you the assurances of my highest and most distinguished consideration.

E. GARZA PEREZ,

Undersecretary of State for Foreign Relations

I have the honor to bring the contents of the foregoing note to your excellency's knowledge with the hope, that, in the desire to affirm the good friendship that exists between the two countries, my Government's wishes will be attended to, and thanking your excellency in advance therefore, I renew [etc.]

Y. BONILLAS

PROTECTION OF CHINESE INTERESTS.²² ASYLUM IN THE UNITED STATES TO CHINESE REFUGEES ACCOMPANYING GENERAL PERSHING'S FORCES OUT OF MEXICO. AMERICAN CONSULAR OFFICERS IN MEXICO INSTRUCTED TO RENDER GOOD OFFICES IN BEHALF OF CHINESE CITIZENS.

File No. 151.07/71

General Funston to the Adjutant General

[Telegram]

FORT SAM HOUSTON, January 27, 1917.

No. 4406. I have sent the following to General Pershing:

In view of the facts reported in your 759 and the well known hostility of the Villistas to all Chinamen I deem that the laws of humanity demand that those amongst them who will be exposed to this hostility as a result of having served or befriended expeditionary force in Mexico should be given the right of temporary asylum in the United States. To that end you are directed to authorize such Chinamen to accompany your force to the border and cross to Columbus, N. M., where they will be given the right of temporary asylum. They must agree to observe such restrictions as may be necessary to place upon them pending settlement of their case by the State Department. Each man will be carefully noted and necessary precaution taken to see that all remain within jurisdiction. No expense to the United States Government will be incurred in granting this privilege. You will report to these headquarters the number that avail themselves of this privilege.

Pershing reported that there were about 500. If the foregoing is not in accordance with wishes of War Department request that I be informed as promptly as possible.

FUNSTON

File No. 151.07/72

The Secretary of State to the Chinese Minister

No. 40

DEPARTMENT OF STATE,

Washington, February 9, 1917.

SIR: Referring to the recent conversation between the Counselor of your Legation, Mr. Yung Kwai, and Mr. Lockhart of this Depart-

²²Continued from For. Rel. 1916, pp. 795-796.

ment relative to the admission into the United States at Columbus, New Mexico, of certain Chinese refugees who expected to accompany General Pershing's forces in their withdrawal from Mexico, I have the honor to quote, for your information, the following telegram sent by the Commissioner General of Immigration on February 3, 1917, to the Supervising Inspector of the Immigration Service at El Paso, Texas, with reference to this matter:

War Department has telegraphed instructions to General Funston providing for issuance of rations, forage, *et cetera*, to refugees following General Pershing's troops. Cooperate in every possible way without incurring expenses other than those always cared for in immigration cases and arising in these cases in connection with enforcement of immigration law. Assume no other jurisdiction. Wire promptly if anything more needed regarding this feature. Concerning transit of Chinese also wire if impossible for military branch to furnish necessary guards or for you to care for matter with force available. Chinese Legation has advised Bureau through State Department that Consul General from San Francisco is on way to Columbus to assist, the Chinese six companies having assured him they will meet necessary expenses. Keep Bureau advised constantly.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 151.07/75

The Chinese Minister to the Secretary of State

No. 36

CHINESE LEGATION,
Washington, February 14, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 9th instant, in which you are good enough to quote for my information a telegram sent by the Commissioner General of Immigration, on February 3, 1917, to the Supervising Inspector of the Immigration Service at El Paso, Texas, giving the necessary instructions for meeting the situation arising from the arrival of a large number of Chinese refugees with General Pershing's troops at the Mexican border; and to state in reply that I have telegraphed instructions to the Chinese Consul General at San Francisco to proceed to the Mexican border and cooperate with the Immigration authorities there in concerting measures of relief for the Chinese refugees.

Accept [etc.]

V. K. WELLINGTON KOO

File No. 704.9312/13

The Chinese Minister to the Secretary of State

No. 40

CHINESE LEGATION,
Washington, March 16, 1917.

SIR: Yesterday I had the honor to inquire, under instructions from my Government, whether it would be agreeable to the American Government to permit its Consular Officers in Mexico, in the absence of Chinese Consular Officers there, to use their good offices in behalf of Chinese citizens in that country as they did before their withdrawal, and you were good enough to tell me that many of the American Consular Officers had already returned to their posts in Mexico, and assure me that it would be agreeable to the American Government to extend this courtesy to Chinese citizens in Mexico.

I now have the honor to confirm my verbal representation and to request that instructions be sent to the American Consular Officers in Mexico.

If your Department deems it possible to accede to this request, it will be very gratifying to my Government.

Accept [etc.]

V. K. WELLINGTON KOO

File No. 704.9312/13

The Secretary of State to the Chinese Minister

No. 44

DEPARTMENT OF STATE,
Washington, March 23, 1917.

SIR: I have the honor to acknowledge the receipt of your note of March 16, 1917, confirming your oral inquiry if it will be agreeable to this Government to permit its Consular Officers in Mexico, in the absence of Chinese Consular Officers there, to use their good offices in behalf of Chinese citizens in that country.

I take pleasure in informing you that American Consular Officers in Mexico have been instructed, when it may seem necessary to do so, to render such informal good offices as may be possible and as they are permitted to exercise by the local authorities to Chinese citizens resident in Mexico.

Accept [etc.]

ROBERT LANSING

File No. 704.9312/13

*The Secretary of State to Consul Silliman*²³

DEPARTMENT OF STATE,
Washington, March 23, 1917.

SIR: In response to a request from the Chinese Minister at Washington, you are instructed, when it may seem necessary to do so, to render such informal good offices as may be possible and as you are permitted to exercise by the local authorities to Chinese citizens resident in Mexico.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

File No. 151.07/84

The Secretary of War to the Secretary of State

The Secretary of War presents his compliments to the Honorable the Secretary of State, and has the honor to inclose herewith with request for such action as may be practicable, copy of telegram dated April 28, 1917, from the Commanding General, Southern Department, Fort Sam Houston, Texas, in reply to telegram from this Department of April 26, 1917, a copy of which is also inclosed, in regard to the Chinese refugees now at Columbus, New Mexico. It is also requested that this Department be informed as to the action of the Department of State in this matter.

WAR DEPARTMENT,

Washington, April 28, 1917.

²³ The same to other Consular Officers in Mexico.

[Inclosure 1—Telegram]

The Adjutant General to General Pershing

WASHINGTON, April 26, 1917.

6586. Reference telegram from this office No. 6449 dated April 14 relative Chinese refugees Columbus no answer received as yet. Wire reply.

McCain

[Inclosure 2—Telegram]

General Pershing to the Adjutant General

FORT SAM HOUSTON, April 28, 1917.

5075. Reference your 6586. Reply to your No. 6449 delayed awaiting word from Chinese Consul General regarding assurances given by Chinese Minister. No word yet received by Chinese Consul from Minister authorizing former to act. Your telegram implies that assurances already given for purpose of accepting employment by military establishment. Situation not so understood by Consul General at Columbus. Latter has strongly recommended to Chinese Minister that Chinese refugees be permitted to accept employment by military establishment and that refugees be sent to San Antonio for that purpose. Have deferred action awaiting reply to his recommendation. Suggest matter be taken up by State Department with view to transfer of refugees from Columbus to San Antonio where they can be given employment. Chinese Minister should assume responsibility for refugee laborers who are discharged for cause or who desert.

Pershing

File No. 151.07/84

The Secretary of State to the Chinese Minister

No. 49

DEPARTMENT OF STATE,

Washington, May 1, 1917.

SIR: I have the honor to enclose herewith for your information and for such action as you may deem appropriate copy of a letter of April 28, 1917, from the Secretary of War, transmitting the copy of a telegram received from General Pershing, in regard to the Chinese refugees now at Columbus, New Mexico.

The Department will be glad to communicate to the War Department at an early date your decision relative to this matter.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 151.07/85

The Chinese Minister to the Secretary of State

No. 46

CHINESE LEGATION,
Washington, May 1, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 1st instant, with which you are good enough to enclose a copy of a letter of April 28, 1917, from the Secretary of War, transmitting a copy of a telegram received from General Pershing, in regard to the Chinese refugees now at Columbus, New Mexico.

Some time ago this Legation made informal inquiries of the Department of Labor regarding the employment by the American military establishment of the Chinese refugees from Mexico now at Columbus, New Mexico. General Pershing's telegram is evidently an answer to those inquiries of this Legation communicated

to the War Department by the Department of Labor. In reply I have the honor to state that I am now sending a telegram to the Chinese Consul General now at Columbus, approving his recommendation to permit the Chinese refugees to be sent to San Antonio, Texas, and accept employment by the American military establishment, and instructing him to receive into custody at any time such refugee laborers as may be discharged for cause or desert and be found, if any cases of this kind should ever arise.

Accept [etc.]

V. K. WELLINGTON KOO .

File No. 151.07/89

The Secretary of State to the Chinese Minister

No. 51

DEPARTMENT OF STATE,
Washington, May, 12, 1917.

SIR: Adverting to your note of May 1, 1917, relative to sending the Chinese refugees now at Columbus, New Mexico, to San Antonio, Texas, to accept employment with the Quartermaster Department of the United States Army, I have the honor to state that the War Department on May 11 communicated to the Commanding General, Southern Department, Fort Sam Houston, Texas, for his information and for such action as he deems proper, the substance of the note above mentioned. The Department of Labor has been advised of the action of the War Department.

Accept [etc.]

ROBERT LANSING

File No. 151.07/91

The Assistant Secretary of Labor to the Secretary of State

DEPARTMENT OF LABOR,
Washington, May 12, 1917.

SIR: Referring to previous correspondence regarding the 489 Chinese refugees detained at Columbus, New Mexico, I have the honor to inclose a copy² of a letter this day written Senator Fall, showing that the matter has finally been adjusted in such a way that all of the Chinese who can not be immediately returned to China will be given employment in the Quartermaster's Department of the Army.

This Department has been informally advised by the Counselor of the Chinese Legation that written assurances have been given the State Department by the Chinese Minister to the effect that if any of these Chinese abandon their employment in the military establishment and attempt to remain in the United States they will be promptly turned over to immigration officials for deportation. For the completion of this Department's file please furnish it with a copy of said written assurances.

Respectfully,

LOUIS F. POST

² Not printed.

MOROCCO

UNITED STATES CAPITULATORY RIGHTS IN MOROCCO—FRENCH AND SPANISH PROTECTORATES IN MOROCCO.¹

File No. 881.00/631

The Secretary of State to the French Ambassador

No. 1631

DEPARTMENT OF STATE,
Washington, January 2, 1917.

MY DEAR MR. AMBASSADOR: Referring to your notes of July 31,² August 26,² and October 3² last in regard to the recognition of the French Protectorate in Morocco, I have, as a result of careful consideration, reached the conclusion that, owing to the pressure of business before the Senate of the United States, which would have to approve any treaty entered into between our countries, and in view of your expressed desire that my Government take prompt action relative to the Moroccan situation, possibly the best mode of procedure to be adopted would be to consider separately the question of the recognition of the Protectorate and the question of our capitulatory and other rights in Morocco, as has been done, I understand, by all the European Powers in respect to their relations to Morocco. In order to advance the matter with all possible expedition, I am prepared to recognize in a formal note the French Protectorate in Morocco, and concurrently recommend that the item of salary for our Minister to Morocco in the Appropriation Bill now pending in Congress be changed to an item of salary for a Diplomatic Agent to that country. I am persuaded to make this proposal informally, as I am desirous, as far as possible, to meet the wishes of your Government and your people, to whom we are bound by a traditional and sincere friendship. If this proposal is agreeable to your Government and this step is accomplished, there would remain for further negotiation the question of our capitulatory and other rights in Morocco, which could be taken up in due time.

I shall be pleased, my dear Mr. Ambassador, to hear from you on this matter at your earliest convenience, since if any change such as I have indicated is to be made in the Diplomatic Appropriation Bill, it is essential that it be made as soon as possible.

I am [etc.]

ROBERT LANSING

File No. 881.00/634

The French Ambassador to the Secretary of State

FRENCH EMBASSY,
Washington, January 8, 1917.

MY DEAR MR. SECRETARY: Answering your letter of the 2d instant, I beg to assure you that my Government fully appreciates

¹ Continued from For. Rel. 1916, pp. 800-807.

² For. Rel. 1916, pp. 805-807.

the sentiment which prompted you to propose that the recognition by the United States of our protectorate in Morocco be now made definitive by a formal note of yours, while you would at the same time recommend that the item of salary for the American representative in that country be changed from one for a Minister to one for a Diplomatic Agent. These suggestions are accepted with a satisfaction enhanced by the motives which inspired them.

As for the abrogation of capitulations, while we have no objection to the matter being separately considered, we earnestly desire, as you know, that it be taken up at once, so that we could sign the convention referred to in previous correspondence, e. g., in my letter of August 26,³ the matter to be dealt with by the Senate as soon as circumstances will allow.

You will kindly remember that almost all countries interested therein have already consented to such an abrogation; among them Russia, Spain, Norway, Sweden, Switzerland, Greece, Portugal, Japan, Italy, Denmark, Belgium, Holland. Austria-Hungary had assented a few weeks before the war declared on us by her ally, Germany, put an end for both to the régime of capitulations in Morocco.

I hope you may find it possible to agree to this desire of my Government, taking into account the fact that the American recognition of our Protectorate will have its effects only when this question is settled and this other fact that the American interests at stake are of very limited importance and are sure to be amply protected under the system introduced by us in the Sheriffian State.

Believe me [etc.]

JUSSERAND

File No. 881.00/634

The Secretary of State to the French Ambassador

DEPARTMENT OF STATE,
Washington, January 15, 1917.

EXCELLENCY: Referring to my informal note of the 2d instant and your excellency's reply of the 8th instant in regard to the recognition of the French Protectorate in Morocco, I have the honor to inform you that the Government of the United States, taking into consideration the political relations of the Government of the French Republic to the Government of Morocco, has concluded to recognize, and hereby formally recognizes, the establishment of the French Protectorate over the French Zone of the Sheriffian Empire. The Government of the United States is moved to take this action notwithstanding the present conflict in Europe in order to meet the wishes of the French Government and the French people, for whom the Government and people of the United States entertain a traditional and sincere friendship.

I have the honor to request the customary courtesy of your excellency in bringing the foregoing to the attention of the French Government.

Accept [etc.]

ROBERT LANSING

³For. Rel. 1916, p. 807.

The French Ambassador to the Secretary of State

FRENCH EMBASSY,
Washington, January 19, 1917.

DEAR MR. SECRETARY: I am instructed by my Government to express to you its sincere appreciation of the decision of the Government of the United States to recognize our Protectorate in Morocco. The terms in which you were so good as to notify it to us enhanced the value of this token of good will, and my Government is confident that the traditional and sincere friendship between our two countries alluded to in your letter of the 15th will be still increased by this recognition.

On one passage of your letter, I am asked to draw your attention, the wording of which being not in exact conformity with facts. It is stated there that the Government of the United States "recognizes the establishment of the French Protectorate over the French Zone of the Sheriffian Empire".

In reality the Protectorate established by France in Morocco, with the assent of its ruler, covers the whole of that country, as evidenced by the terms of the Treaty of March, 1912, a copy of which I had the honor of transmitting to you on January 3, 1913. The Spanish rights are mentioned in it (Art. 1) as being to be defined by an agreement between the Governments, not of Morocco, but of France and of Spain. Every Power, Spain included, has recognized that our Protectorate was coextensive with the total area of Morocco.

My Government would be much obliged to you if you would kindly cause this involuntary error to be amended and the text of your letter of recognition to be so worded as to refer to the French Protectorate, as concerning Morocco itself, and not simply to the French Zone thereof.

Believe me [etc.]

JUSSERAND

The Spanish Ambassador to the Secretary of State

[Translation]

SPANISH EMBASSY,
Washington, July 25, 1917.

MR. SECRETARY: I have the honor to apprise your excellency that for about three years there have been in operation at Tetuan, Larache and other points in the Spanish sphere of influence in Morocco, courts of justice consisting of Spanish magistrates and offering the same guaranties as any other court in the peninsula with respect to the trial of Europeans.

The suppression of the capitulation régime must necessarily go with the existence and operation of the said tribunals since the régime finds its excuse for being in those countries only where there are no courts acquainted with the European and American laws and then serves as a safeguard to foreigners who are thus saved from trials under laws enacted by a race different from theirs and living in a much belated intellectual atmosphere.

These reasons sufficed to France, Belgium, Russia, Italy, Switzerland, Denmark, Sweden and several other countries to renounce the

said capitulation régime and privileges in the Spanish sphere of influence in Morocco and in compliance with instructions received I have the honor to apply to your excellency and to express to you how highly gratified His Majesty's Government would be if the Government of the United States would likewise renounce the capitulation régime in the Spanish sphere of influence in Morocco and by such renunciation recognize the said Spanish Zone as has already been done by the nations above cited.

I avail myself [etc.]

JUAN RIANO

File No. 881.00/638

The Secretary of State to the Spanish Ambassador

No. 600

DEPARTMENT OF STATE,
Washington, August 20, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of July 25, 1917, stating that for about three years there have been in operation at Tetuan, Larache and other points in the Spanish sphere of influence in Morocco, courts of justice consisting of Spanish magistrates and offering the same guaranties as any court in the Spanish peninsula with respect to the trial of Europeans; that the creation of these courts has seemed to France, Belgium, Russia, Italy, Switzerland, Denmark, Sweden and other countries a sufficient reason for them to renounce the capitulatory régime and privileges in the Spanish sphere of influence in Morocco; and that the Spanish Government would be highly gratified if the Government of the United States would renounce the American capitulatory rights in the Spanish sphere of influence in Morocco.

In reply I have the honor to inform you that under the provisions of the United States Constitution the American capitulatory rights in the Spanish sphere of influence in Morocco can only be renounced by a treaty between Spain and the United States, regularly ratified by the United States Senate.

Accept [etc.]

ROBERT LANSING

File No. 881.00/633

The Secretary of State to the French Ambassador

No. 1977

DEPARTMENT OF STATE,
Washington, October 20, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of January 19, referring to the Department's note of January 11 [15], recognizing the French Protectorate over the French Zone of Morocco, and requesting that this recognition be changed to a recognition of a French Protectorate over Morocco.

I have now the honor to inform you that the Government of the United States has concluded to recognize, and hereby formally recognizes (subject to my informal note of January 2, 1917, on this matter) the Protectorate of France over Morocco subject to the special rights and privileges of Spain in Morocco.

Accept [etc.]

ROBERT LANSING

NICARAGUA

MESSAGES OF THE PRESIDENT, EMILIANO CHAMORRO, TO THE NATIONAL ASSEMBLY

File No. 817.032/23

Minister Jefferson to the Secretary of State

No. 404

AMERICAN LEGATION,
Managua, August 13, 1917.

SIR: For the information of the Department I have the honor to transmit herewith a copy and translation of President Chamorro's message of July 31, 1917, to the National Congress of Nicaragua at the opening of its special session called to pass upon the financial plan of the Department of State for the settlement and reorganization of Nicaragua's indebtedness.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

Message of the President of the Republic

MANAGUA, *August 1, 1917.*

Upon entering the Presidency I met with the grave economic situation which you all know, without more revenues available for the needs of the ordinary budget than the small revenues from whisky and tobacco and other lesser ones, called internal revenues, which, as a result of the election struggle recently passed, were in a sad state of disorganization. The former Administration had made contracts with the bankers, by which the latter forbore to collect from the customs duties the part to which they were entitled by the preceding conventions, awaiting the arrangement to capitalize the respective coupons, which according to the last extension of time would begin to be refunded in whole from the customs receipts the first of January of the present year, exactly on the very day on which the transfer of power was effected. In addition to this lack of resources is added to the burden of the State the back salaries not paid, as well as the value of the tobacco received from the producers, which amount to half a million dollars. Also there was in the hands of private persons a great quantity of stamps, stamped paper, whisky, tobacco and other species which were given them in payment for documents of credit against the State through compromise or exaction, preferences which constituted a powerful obligation for immediate payment from the few and limited receipts which remained for the Government.

Such was the problem which I had to confront from the first of January, 1917, outside of the most complicated problem for the settlement of the foreign debt and the consolidation of the internal debt.

The Minister of Finance and the other members of his department managed through the wise administration of the internal revenues to make them rise from the depression in which they were found, and produced an increase of almost forty per cent over what they formerly yielded. On the other hand, they have continued making the economies compatible with our existence as a nation, without impairing the efficiency of the Government as guarantor of public order, and by endeavoring to eliminate all superfluous expenses without suppressing those necessary and useful at present and for assuring the prosperity of the future. We have asked of the people new taxes, which it has been endeavored

to make fall on the businesses which at present yield the greatest profits. But all these measures, although effective, bear their fruit with the slowness which does not correspond with the urgent needs of the moment, and from this it results that from the first day of January were extended the efforts of the Government towards a definite arrangement with the bankers and to cause to be brought to the country the three million dollars of the Chamorro-Bryan Treaty, which according to the clause expressed in said treaty should have been deposited to the order of this Government from the date of its ratification, now more than a year ago. Referring to these arrangements the previous Administration left behind projects with a certain fixed direction which, although they were not satisfactory to the men of the new Government, necessarily had to serve as the base for the renewal of negotiations.

During the first days of January last, instructions were given to our Minister in Washington to request of the American Government the payment of half a million dollars in part payment of the total amount which is due us by the treaty previously cited, for the purpose of paying the back salaries and the tobacco debt to which I have referred and to leave the balance of the three millions for the arrangements which would have to be made, in accordance with the Department of State, by virtue of the former contracts with the bankers which gave to the latter the right to be paid with said money for the amounts loaned to the former Government. The Department of State agreed to give the money requested to be used as was proposed; but it expressed the desire that first a definite arrangement should be made with the Ethelburga and the bankers, in accordance with the plan of which I have heretofore made mention and which proposes the appointment of a Financial Adviser and the creation of a commission charged with the revision of the whole public debt, including the awards of the Mixed Claims Commission and with the sole exception of those loans in force and guaranteed by special hypothecation of the customs duties. After the discussions engaged in and the explanations of the case which you well know, I proposed to you to pass the decree which established the said Commission on Public Credit, which is in operation in this capital and which I believe will give beneficial results to the country.

The appointment of the Fiscal or Financial Adviser, although it is not a new idea, since its establishment was approved in the Treasury Bills Agreement, with which the Assembly, convoked because of the dissolution of the first Constituent Assembly, was acquainted, is, in my judgment, an important step, which deserves the consideration and study of the principal men of the country, and from the beginning I have tried to learn the opinions of the leaders of both parties, given in confidence and free of the restrictions which the respect for certain popular prejudices or the political interest might impose; sober judgments; entirely free from the passion with which complex problems generally are treated, which at times are claimed to be settled, having in view opinions hastily given, even when having no insuperable prejudices.

It is the opportunity for stating now that I am firmly convinced of the advantage, which there is for Nicaragua in maintaining the closest political relations with the Great Republic of North America and which is to the interest of our own system of government, to our own security, to stimulate those relations, in order that they may grow into an increasing and perfect friendship between both Governments and peoples; and it is in the light of this judgment that we must examine that question and not by the erroneous method of an exaggerated patriotism which converts itself into vain pride, when it is not inspired with the spirit of sacrifice, which has always filled the spirit of all patriots who in the course of history and in all countries have aspired to the creation of political entities, which the succeeding generations may with pride call fatherland.

About this cardinal idea have been centered the negotiations which I have endeavored to conclude with the entire approval of the Cabinet and in the midst of lack of funds in the Public Treasury, of which you, more than anyone, are well acquainted. The result of these negotiations cannot help but be the exact consequence of the antecedents pointed out, since the Government must, in all cases, be inspired with the strict fulfilment of the obligations contracted. Any observer of the present events in the economic world will arrive at the conclusion that the power of nations is allied with the establishment of its credit and no one can deny that this can be preserved except by the faithful fulfilment of its pledged word and the due respect for the honor of the Nation, but from this it should not be understood that the Government should refrain from taking steps for the betterment of the existing conditions, a thing which can only be obtained by means of the firm establishment of its own credit.

Inspired, then, with the ideas previously expressed, the Executive has come to agree upon the bases which the Minister of Finance will submit to your worthy attention, after being approved by the Cabinet, and in regard to which he will give you the necessary explanations and will present to you all the documents in the case, even those of confidential character. There are two points to which I wish to call your special attention; that the main object be accomplished within my own period of government and that the Republic reserve the right to pay at any time its debts and to remain free of all other obligations, thus leaving the field open for the new economic conditions to which the world will be subjected at the termination of the present universal catastrophe.

In wishing you patriotic prudence in your deliberative task, I am pleased to give you my cordial salutation of welcome.

EMILIANO CHAMORRO

File No. 817.032/24

Minister Jefferson to the Secretary of State

No. 461

AMERICAN LEGATION,
Managua, December 22, 1917.

SIR: For the information of the Department I have the honor to enclose herewith copy and translation of President Chamorro's message to the National Congress, which he read at the convening of the ordinary session on December 15, 1917.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

Message of the President of the Republic, General Emiliano Chamorro, to the National Congress in ordinary session December 15, 1917

When I became President I found an insolvent Treasury and a public debt not liquidated, that for years had gone on increasing through improvidence and governmental optimism. During General Zelaya's dictatorship, to the external debt enlarged by the Ethelburga loan obtained in Europe, were added the emission of customs bonds and also that of compulsory and personal loans which were never paid, and which were so numerous and without limit that there exists no exact account of them. To this must be added the later emission of the Bonds of Internal Revenues, whose payment the State unfortunately did not make, thus ruining the credit of the Government. The past wars and revolutions have caused to fall on the State the burden of indemnities legally accepted, and these and other amounts due some years ago have placed us in the hard position of not being able to obtain the necessary credit for the good advancement of the country. This floating and unliquidated debt has meant also a political danger, since Nicaragua has often been exposed to a forcible collection of her debts, it being enough to say that of the so-called internal debt which has been placed under the direction of the Public Credit Commission 43% belongs to foreigners who have continually, through the diplomatic representatives of their respective countries, demanded immediate payment.

This also explains the necessity to give the bonds to be issued for the total extinction of the debt such securities as will make them easily received and accepted with entire confidence, even abroad, giving to them such guaranties that their own funding shall be placed beyond the contingencies or failures which nullified the emission of the former, and such securities are given equally to the Nicaraguan creditors without party distinction and to the subjects of foreign nations.

To the Public Credit Commission have been presented claims for twelve and a half millions in value which, through a rigorous scaling down of some and the voluntary agreements of others, are going to be paid with a million and a half in actual cash out of the remainder of the money from the Bryan-Chamorro Treaty and four millions in Customs Bonds at 5%, whose emission you have just authorized.

The agreements, which have been made to arrive at the unavoidable and transcendent end of the consolidation of our debt, have met with the bitterest censure from the opposition. That censure is explained by the necessity of attacking the Government, not being able to reproach any of the proceedings as contrary to law or its political principles. Some others, imbued with certain ideas of exaggerated nationality, have pretended to see in some of the clauses foreign political intervention or violations of the Constitution. It has been argued that the obligation contracted by the Government to limit the budget for general expenses to a certain fixed sum deprived the Congress of a constitutional function, and that the establishment of a High Commission in whose appointment the American Government has part constituted a danger for the sovereignty of the Republic.

Arguments easily refuted, if it be considered that the respective contracts had to be approved by Congress and that the financial plan is simply a law passed by the same high body. It is Congress, then, which making use of its constitutional functions of fixing the budget, fixes it from this moment to ninety-five thousand dollars a month for expenses exclusively administrative, and it does so until there are no more bonds to pay. It is natural that creditors, and above all anyone to whom payments are being made in the form in which Nicaragua has been doing it should seek the proper guaranty and security with respect to a debtor, who for twenty-five years has been at fault, and that the latter should reduce those expenses that are above its revenue capacity. And precisely those expenses exceeding simply administration, which we might call unproductive and which are the ones that have made the constant deficit in former budgets, are the only ones fixed, since the surplus of the revenues, which will be quite considerable when the present abnormal situation passes, will be spent after the payment of the debt on works of public utility, as it will remain for the free determination of Congress.

No person or nation considers its dignity and sovereignty lessened when for the solution of its problems it agrees that any arising difficulty should be settled by arbiters. On the contrary, in the disputes among various countries there are always sought as arbitrators citizens or sovereigns of nations without any connection with the interested parties. This is precisely what has been done in creating the High Commission. I stated before that 43% of the internal debt, belonged to foreigners, and the history of our small nations teaches what sorrowful complications have arisen in Spanish America from that class of binding obligations, for the best solution of which there is finally recourse to arbitration or mixed international tribunals. In our case all contingencies are once and for all solved, with the maintenance of the High Commission in whose organization the American Government intervenes. The moral force of the Great Republic extends over our contracts its powerful protection which, if it is a guaranty for the exact fulfilment of the assumed obligations, also means that our weak country shall no longer be a victim of any class of demands.

EMILIANO CHAMORRO

CHAMORRO-BRYAN CANAL TREATY. SUIT OF COSTA RICA AND SALVADOR AGAINST NICARAGUA BEFORE THE CENTRAL AMERICAN COURT OF JUSTICE. REFUSAL OF NICARAGUA TO ACCEPT THE DECISIONS OF THE COURT.¹

[See also Central America, denunciation by Nicaragua of the Treaty of December 20, 1907, instituting the Central American Court of Justice.]

File No. 817.812/307

Minister Jefferson to the Secretary of State

No. 355

AMERICAN LEGATION,
Managua, March 19, 1917.

SIR: I have the honor to enclose herewith for the information of the Department copy and translation of the decision of the Central American Court of Justice in the case of the Government of El Salvador against the Government of Nicaragua relative to the concession

¹Continued from For. Rel. 1916, pp. 811-897.

of a naval base in the Gulf of Fonseca by the Nicaraguan Government in the Bryan-Chamorro Treaty.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

Decision of the Central American Court of Justice

MANAGUA, March 9, 1917.

Central American Court of Justice, San José, Costa Rica, at five on the afternoon of March 2, 1917. The deliberations of the Court being considered as finished, in order to determine the sentence in the case begun by the Government of El Salvador against that of Nicaragua, it proceeded to vote on the twenty-four points which the approved questions contain, with the following result.

QUESTIONS

The first question which reads: "The absolute demurrer of incompetency through lack of jurisdiction having been proposed by the high defendant party, on dismissing the legal action which took the proper course with regard to the complaint, does the Court proceed to grant such demurrer inasmuch as this refers to the original suit, notwithstanding the fact that the complaint had been readmitted by the Court, by its decree of September 6, 1916?" All the Judge replied in the affirmative.

The second question which reads: "Is it to be considered that the Court is ecompetent to try the case, by reason of the matter under discussion?" All the Judges answer affirmatively, Judge Gutiérrez Navas adding, in so far as its refTrs exclusively to the Republics of Nicaragua and Salvador.

he third question which reads: "The suit being in relation to the contract intirests of a third nation which is not a party to it and is not subject to the jursdiction of the Court, has this Court the right to pass judgment thereon, to theextent that it may determine the legal rights between El Salvador and Nica-rag ua?" All the Judges answer affirmatively, Judge Gutiérrez Navas adding th same declaration which he gave to the former question.

The fourth question which reads: "Do the details of the suit dated September 30 and October 2, 1916 contain matter foreign to the origin of the diplomatic controversy which led to the litigation?" Judges Meda, Oreamuno, Castro Ramírez and Bocanegra replied in the negative, and Judge Gutiérrez Navas in the affirmative.

The fifth question which reads: "According to the replies given to the question which precedes and to the holdings of the Court, was the Government of Salvador obliged first to seek an agreement with Nicaragua through diplomatic channels on the concrete points to which the details of the suit refer?" Judges Meda, Oreamuno, Castro Ramírez and Bocanegra answered negatively, and Judge Gutiérrez Navas affirmatively.

The sixth question which reads: "Is the Court competent to try and decide upon the petitions contained in the details to which reference has been made?" Judges Meda, Oreamuno, Castro Ramírez and Bocanegra replied affirmatively, and Judge Gutiérrez Navas in the negative.

The seventh question which reads: "Is the Court competent to try and to determine the right as to the initial petition of the suit?" Judges Meda, Oreamuno and Castro Ramírez replied yes, in order to determine legal rights between the high litigating parties; Judge Gutiérrez Navas no, because he considered it legally impossible to pass judgment upon the failure to fulfill a contract, without affecting the rights of one of the contracting parties; and Judge Bocanegra yes, in order to try and to pass judgment upon legal rights, which exist between the Central American States which are contending in the matter, but not to say anything which might affect the third parties which are not parties to the suit.

The eighth question which reads: "Consequently should they accept or reject the demurrers proposed by the defendant party?" Judges Meda, Oreamuno and Castro Ramírez replied that they should be rejected; Judge Gutiérrez Navas that they should be accepted; and Judge Bocanegra that the demurrer proposed should be accepted in that which refers to the final part of

the reply given by the plaintiff to the seventh question, and all the rest should be rejected.

The ninth question which reads: "With regard to the geographical and historical conditions, as also to the situation, extension and configuration of the Gulf of Fonseca, how should the international legal situation be determined?" They replied unanimously that it is a historical bay and with the character of a closed sea.

The tenth question which reads: "To which of those characteristics do the high litigating parties agree?" They replied unanimously that they agree that it is a closed sea.

The eleventh question which reads: "What is the legal status of the Gulf of Fonseca according to the replies which precede and to the agreement of the high contending parties, expressed in their arguments with regard to their right of possession and other derived rights?" Judges Medal, Oreamuno, Castro Ramírez and Bocanegra replied that the legal status of the Gulf of Fonseca according to the terms of the question is that of belonging to the three countries which surround it, and Judge Gutiérrez Navas that the right of possession belongs in respective portions to the three bordering countries.

The twelfth question which reads: "Do the high contending parties agree on the fact that the waters pertaining to the zone of control corresponding to them unite and flow together in the mouth or entrances of the Gulf of Fonseca?" They answered that they agree in that the waters which form the entrance of the Gulf are one.

The thirteenth question which reads: "What direction should the zone of maritime control follow with regard to the shores of the countries which surround the Gulf?" Judges Medal, Oreamuno, Castro Ramírez and Bocanegra replied that they should follow the contours of their respective shores, within as well as without the Gulf; and Judge Gutiérrez Navas that the radius of a marine league of the zone of the territorial sea should be measured, with respect to the Gulf of Fonseca, from a line drawn across the bay to the narrowest part of the entrance to the open sea and from the zone of control, it extending three leagues in the same direction.

The fourteenth question which reads: "Does there exist joint ownership between the Republics of El Salvador and Nicaragua in the waters not on the shores of the Gulf and moreover in those which flow together and comprise the respective zones of control in which they exercise the rights of police, national protection and defense?" Judges Medal, Oreamuno, Castro Ramírez and Bocanegra replied yes, that there is joint ownership without injury to the right which belongs to Honduras in the waters not littoral, and Judge Gutiérrez Navas replied in the negative.

The fifteenth question which reads: "Consequently should there be excluded from the joint ownership or possession of the maritime league of littoral waters which belongs to each one of the states surrounding the Gulf of Fonseca their respective shores of *terra firma* and of their islands, in conformity to their internal laws and international law, and that over which they have exercised and are exercising their exclusive sovereignty?" Judges Medal, Oreamuno and Castro Ramírez answered in the affirmative. Judge Gutiérrez Navas answered no, because in the inner part of the closed gulfs or bays there exists no littoral zone; and Judge Bocanegra answered yes, for the high parties in litigation having accepted the character of the Gulf of Fonseca as a closed bay, it imposes the necessity of the existence of the maritime league for exclusive possession, as the Gulf belongs not to one alone but to three nations.

The sixteenth question which reads: "Has the Government of Nicaragua, in agreeing to the concessions which the Bryan-Chamorro Treaty contains for the establishment of a naval base, violated the right of joint ownership which El Salvador holds in the Gulf of Fonseca?" Judges Medal, Oreamuno, Castro Ramírez and Bocanegra answered in the affirmative, and Judge Gutiérrez negatively.

The seventeenth question which reads: "Does the establishment of a naval base in the Gulf of Fonseca by its nature and transcendancy compromise the safety of El Salvador?" Judges Medal, Oreamuno and Castro Ramírez replied affirmatively. Judge Gutiérrez negatively. Judge Bocanegra answered yes, through the possible danger of aggressions at the naval base on the part of the other power or powers with which the assignee may in the future enter into war.

The eighteenth question which reads: "Are the concessions for a naval base in the Gulf of Fonseca and the leasing of the Great and Little Corn Islands,

agreed to by Nicaragua with the subjection of the Nicaraguan lands and waters to the laws and sovereignty of a foreign nation, acts in violation of Article 2 of the General Treaty of Peace and Amity signed at Washington by the Central American Republics?" Judges Medal, Oreamuno and Castro Ramírez answered affirmatively. Judge Gutiérrez Navas negatively, and Judge Bocanegra replied yes, as the change contemplated in this case does not affect only the state, in which it has taken place, but also the rest of the signatory countries of the treaty cited in the question.

The nineteenth question which reads: "Does it agree to declare that the Bryan-Chamorro Treaty injures the prime interests of El Salvador?" Judges Medal, Oreamuno and Castro Ramírez answered yes, in so far as they have regard to the sacred aspirations in their respective political constitutions and the rest of the subjects of public law in Central America concerning the reconstruction of the Ancient Country. Judge Gutiérrez Navas replied in the negative, and Judge Bocanegra replied that the Court could not proceed to make such a declaration by referring to the interests in the future of its moral and political character, whose legal estimation is without the jurisdiction of the Court.

The twentieth question which reads: "Does the Government of Nicaragua, in order to validly grant the concession of the naval base, require the consent and agreement of the Republic of El Salvador?" Judges Medal, Oreamuno and Castro Ramírez replied yes, that the Government of Nicaragua requires for the concession of a naval base the consent and agreement of the Republic of El Salvador. Judge Gutiérrez Navas answered in the negative, and Judge Bocanegra replied that as the action of nullity had not been discussed in the present he would eject from the expression the word "validly" which the question contains, and thus ejected, his reply would be in the affirmative.

The twenty-first question which reads: "Has the Government of Nicaragua violated through the celebration of the Bryan-Chamorro Treaty the rights which belong to El Salvador in conformity to Article 9 of the General Treaty of Peace and Amity mentioned above?" Judges Medal, Oreamuno, Castro Ramírez and Bocanegra answered affirmatively, and Judge Gutiérrez Navas negatively.

The twenty-second question which reads: "Is the defendant Government obliged to reestablish and maintain the legal status which existed between El Salvador and Nicaragua before the celebration of the Bryan-Chamorro Treaty on the subjects determined in this case in conformity to the principles of international law?" Judges Medal, Oreamuno and Castro Ramírez answered yes that it is obliged in conformity to the possible means sanctioned by that law. Judge Gutiérrez Navas answered no, because there had been no change in the legal status; Judge Bocanegra replied that in his opinion the Government of Nicaragua is obliged as to the reparations which may be possible in conformity to the principles of international law.

The twenty-third question which reads: "Can the Court order the Government of Nicaragua to abstain from complying with the Bryan-Chamorro Treaty, as the high plaintiff party asks?" Judges Medal, Oreamuno and Castro Ramírez answered no, because one of the high signatory parties of the Bryan-Chamorro Treaty is not subject to the jurisdiction of this Court, and Judges Gutiérrez Navas and Bocanegra replied in the negative.

The twenty-fourth question which reads: "May it proceed to make other condemnations in the present case in conformity to the fourth petition of the initial suit?" Judges Medal, Oreamuno, Castro Ramírez and Bocanegra replied in the negative because they had not been expressly requested or discussed, and Judge Gutiérrez Navas replied simply no.

JUDGMENT

Consequently the Court declares:

First: That it is competent to try and judge the present case brought by the Government of the Republic of El Salvador against the Republic of Nicaragua. Second: that the demurrers proposed by the high defendant party must be rejected. Third: that the Bryan-Chamorro Treaty, of August 1914, by the concession which grants a naval base in the Gulf of Fonseca, threatens the national safety of El Salvador and violates their rights of joint ownership in the waters of said Gulf in the form and with the limitations assigned in the act of voting. Fourth: that it violates Articles 2 and 9 of the Treaty of Peace and Amity signed at Washington by the United States of Central America, December 20, 1907. Fifth: that the Government of Nicaragua is obliged, availing itself of the possible means recommended in international law, to reestablish and maintain the legal

status which existed before the Bryan-Chamorro Treaty between the litigating Republics in this case. Sixth: that the Court abstain from passing judgment with respect to the third petition of the initial suit. Seventh: that with regard to the fourth petition of the initial suit it does not pass any judgment.

ANGEL M. BOCANEGRA
DANIEL GUTIÉRREZ NAVAS
MANUEL CASTRO R.

NICOLÁS OREAMUNO
SATURNINO MEDAL
MANUEL ECHEVARRÍA, *Secretary*

File No. 817.812/322

The Minister of Foreign Affairs to the Secretary of State

[Translation]

NATIONAL PALACE,
Managua, December 3, 1917.

MOST EXCELLENT MR. SECRETARY: In the discharge of a high duty of American consideration and brotherhood, I have the honor to apply to your excellency and to take the liberty of forwarding to you herewith a printed copy of the circular note recently sent by this Department to the Central American Governments signatory to the Convention of Washington, December 20, 1907, for the purpose of explaining and justifying the attitude that was forced upon my Government of ignoring and rejecting the two judgments rendered against it by the Central American Court of Justice in the actions that were instituted by the Governments of Costa Rica and Salvador.

Most respectfully and courteously begging your excellency kindly to appreciate with your characteristic upright and justice loving judgment the conduct of Nicaragua in the two cases here mentioned, it affords me great pleasure to renew to you the assurances of my most high and distinguished consideration, with which I subscribe myself [etc.]

J. A. URTECHO

[Inclosure—Translation]

The Ministry of Foreign Affairs to the Central American Governments

NATIONAL PALACE,
Managua, November 24, 1917.

MOST EXCELLENT MR. MINISTER: The recent awards are well known to your excellency which the honorable Central American Court pronounced in the suits brought by the Governments of Costa Rica and El Salvador against the Nicaraguan Government on account of the conclusion of the Chamorro-Bryan Treaty of August 5, 1914. In the first of these awards, rendered September 3, 1916, the High Court declared that: "The Nicaraguan Government violated, to the detriment of Costa Rica, the rights granted to the latter by the Cañas-Jerez Boundary Treaty of April 15, 1858; by the Cleveland Award of March 22, 1888; and by the Central American Treaty of Peace and Friendship of December 20, 1907"; and in the second, rendered March 9 of the present year, it decided, in the manner and with the limitations embodied in the vote and in paragraph II of the second part of this award, that: "the Bryan-Chamorro Treaty, of August 5, 1914, owing to the concession which it contains of a naval base in the Gulf of Fonseca, threatens the national security of El Salvador and violates her rights of joint dominion in the waters of said Gulf," which decision was rendered in the following terms: "that it violates Articles II and IX of the Treaty of Peace and Friendship signed at Washington by the Central American Nations on December 20, 1907; and that the Nicaraguan Government is obliged to avail itself of all possible means sanctioned by internal law in order to restore and maintain the legal status which existed prior to the Chamorro-Bryan Treaty between the contending Republics as regards the matters considered in this suit."

Your excellency is likewise aware of the stand taken by my Government in regard to these decisions, which was none other than to refuse acquiescence therein, inasmuch as they involve, besides other defects, a manifest overstepping of authority; and, actuated by a natural desire to justify this stand before the Governments signing the Convention which created the Central American Court, under date of December 20, 1907, I deem it proper and necessary, for the sake of the good name and the interests of my Government, to at least roughly outline in the present circular note the arguments of law and justice which strongly supported it in both cases in the exercise of its defense and in the firmness of its resolution.

In order to attain this object let it suffice first of all to recall the fact that the character which distinguishes the honorable Central American Court is that of a Tribunal of Arbitration, and that consequently, whether it be a question of the terms in which the agreement to arbitrate is drawn up or of the awards which this Tribunal may render, it must infallibly be taken as a matter of course that there will be a strict observance of the sanctioned general principles of law which rule, govern and regulate international acts and without which the natural defense of the impaired rights of the High Contending Parties would be impossible.

From this standpoint it would not be out of place to recall, furthermore, that however absolute and general the express conditions may be under which a nation agrees to accept an award, they can not deprive such nation of the right to review the awards, and that the latter, in case of exceeding of authority by the court and of notorious injustice, not only may but should be combated and rejected. Thus the President of the United States, in his message to the American Senate in 1887, referring to an arbitral award against which the Haitian Government was protesting, in his opinion justly, expresses himself as follows:

"The duty of the Executive to refuse to carry out an award which, in spite of the irreproachable character of the arbitrator, proves iniquitous and shocking, has been proclaimed many times by the Department of State and sanctioned by the Supreme Court of the United States." (Moore, *International Arbitrations*, Vol. II, page 1139.)

More positive still is Calvo, who, in treating of so important a point, speaks in the following conclusive manner:

"From the fact that the award is binding and unappealable it can not be inferred as an absolute consequence that the parties shall not be permitted to combat it; there are, on the contrary, certain cases in which they are fully authorized to refuse to carry it out. These cases may be summed up thus: When the award has been rendered without the arbitrators having been sufficiently authorized, or when they decide outside or beyond the terms of submission." (*Dictionary of International Law*.)

The right being thus generally established which belongs to one or more of the contending parties in an arbitral suit to refuse their consent to such decisions not in conformity with law, I must demonstrate, to my regret, that the awards rendered by the honorable Central American Court and to which I refer herein are tainted by the aforementioned excesses of authority, amply set forth, which render them entirely unacceptable. The nature of the subject compels me to proceed by parts.

I

AWARD IN THE SUIT OF THE COSTA RICAN AGAINST THE NICARAGUAN GOVERNMENT

In order to show that the Nicaraguan Government did not violate to the detriment of Costa Rica, by concluding the Chamorro-Bryan Treaty, the rights granted to this latter Republic by the Boundary Treaty of 1858, the Cleveland Award of March 22, 1888, and Articles II and IX of the Central American Treaty of Peace and Friendship of December 20, 1907, it becomes necessary to enumerate them in the following order:

a. Through Article VI of the Treaty of 1858 Costa Rica acquired the perpetual right of free navigation through the Nicaraguan waters of the San Juan River up to within three English miles of Castillo Viejo, for purposes of commerce and in order that her ships might come to the Nicaraguan shore without payment of any tax.

b. Under Article VIII the Costa Rican Government acquired the right to be consulted by the Nicaraguan Government before the conclusion of any contract on canal construction or transit, and it was provided that the vote of Costa

Rica should be merely advisory (a consulting voice) in case the natural rights of Costa Rica were not injured in the transaction.

c. The Cleveland Award expressly defined what these natural rights of Costa Rica were and determined the circumstances under which they should be considered injured, expressing itself as follows in regard to the first point:

The natural rights of the Republic of Costa Rica, to which said stipulation (Article VIII) alludes, are the rights which, by virtue of the boundaries fixed by said treaty, it possesses over the soil which is recognized as belonging to it exclusively;

those which it possesses in the ports of San Juan del Norte and Salinas Bay; those which it also possesses in all that part of the San Juan River which lies more than three English miles below Castillo Viejo;

perhaps other rights not particularly specified here.

Regarding the second point, the award determined as follows when these rights are to be considered injured or violated.

In all cases when the territory belonging to the Republic of Costa Rica is occupied or inundated;

or when anything injurious is done to Costa Rica in any of the aforesaid ports;

or when such an obstruction or deviation of the San Juan River is brought about as shall destroy or seriously impede the navigation of the same or of any of its arms at any point where Costa Rica has a right to navigate them.

Now, under the Chamorro-Bryan Treaty territory belonging to the Republic of Costa Rica is not occupied or inundated nor has anything injurious to Costa Rica been done in any of the aforesaid ports, nor has any obstruction or deviation of the San Juan River been brought about through the said treaty which destroys or seriously impedes the navigation of the same or of any of its arms at any point where Costa Rica has a right to navigate them.

The best argument that the Nicaraguan Government can present as a proof that it has not injured or violated the natural rights of Costa Rica as specified in Article 10 of the Cleveland Award through the conclusion of the Chamorro-Bryan Treaty is the palpable fact that these rights are on the same footing as they were before the treaty was concluded, notwithstanding the latter has been fully carried out. Not only has the Nicaraguan Government not injured or violated the natural rights of Costa Rica by concluding said agreement, but it has not been possible for it to injure them, inasmuch as the execution of this agreement did not involve the accomplishment of any material work, which is the only way in which those rights could be injured.

The Chamorro-Bryan is not a treaty on canal construction but one of option. It is a deed of transfer to the United States Government of the rights belonging to Nicaragua, as sovereign of the territory, to begin work on the canal at any time. As this treaty is not one on canal construction or transit, the Nicaraguan Government was not under obligation to consult the Costa Rican Government, since the obligation contracted in this respect by the Nicaraguan Government related solely to that species of contracts, as clearly provided in Article VIII of the Boundary Treaty of 1858, to whose terms the interpretation of the Cleveland Award refers, that is, as said before, to agreements on canal construction or transit.

If the award of the honorable Central American Court turns out, by virtue of the foregoing, to be contrary in its substance to the reality of things, and therefore inadmissible, it is not less so in its form, which is ingenious but unfortunately vitiated by lack of logic and legality, which are not found either in the part comprising the concession or in the analysis made of its parts by the honorable Court.

The clause by which the rights to make a canal are transferred to the American Government is embodied in the following alternative:

The Nicaraguan Government forever grants to the United States Government the exclusive ownership rights necessary and suitable for the construction, operation and maintenance of an interoceanic canal via the San Juan River and the Great Lake of Nicaragua, or by any route in the territory of Nicaragua.

Considered by itself, this proposition does not in any wise impair the natural rights of Costa Rica, since it does not involve anything but the transfer of the sovereign rights of Nicaragua to construct a canal through her territory. And just as these rights existed in the Nation without having ever affected the natural rights of Costa Rica as granted her by the treaties and award mentioned, so in being transferred to the United States Government they could likewise not

cause any injury to those rights, inasmuch as a transfer is no more than an incident which in no wise modifies the nature of said natural rights.

A decision was nevertheless necessary and therefore the honorable Central American Court proceeded to make an analysis, absolute and categorical, of the features of the aforesaid proposition, embodying the cession of rights to construct a canal, though it ought to have made the analysis in a conditional form, in accordance with the immutable laws of logic.

As a matter of fact the Court propounded the following questions, among others, in the vote of September 22, 1916:

"In the Chamorro-Bryan Treaty was Costa Rica entitled to give a decisive vote regarding the canal concession via the San Juan River and the Great Lake of Nicaragua?" The majority answered in the affirmative.

"In the Bryan-Chamorro Treaty has Costa Rica a right to give a decisive vote in the canal concession via any other point in the Nicaraguan territory provided the rights of Costa Rica are not affected as specified in number ten of the Cleveland Award?" All the Magistrates answered negatively.

The analysis of the proposition having been made in this deliberately categorical but at bottom essentially conditional manner, it was necessary to return to a synthesis of the proposition analysed and show the double and opposed result which was obtained from the analysis, that is, the affirmation and the negation, inasmuch as the rights transferred to make a canal might be exercised alternatively (optionally), either via the San Juan River or by any other route in Nicaraguan territory.

But the honorable Central American Court, disregarding the distinctive (disjunctive?) character of the proposition it had analysed and which *per se* involved an indeterminateness with respect to the route to be adopted when it should be a question of exercising those rights, assumed as a certainty arising from the concession that the Canal would be constructed via the San Juan River and the Great Lake, as is proven by the following paragraph:

The Chamorro-Bryan concession, in granting the necessary rights for the construction of a canal via the San Juan River, forgot the legitimate rights of the High Plaintiff, inasmuch as the carrying out of the work by that route necessarily implies the occupation of the Costa Rican shore or the consequent inundations of its territory, as well as the use of the Costa Rican affluents, etc. (*Considerando* 3, par. 7, Analysis of the action.)

The Nicaraguan Government by the Chamorro-Bryan Treaty did not grant rights to construct a canal determinately via the San Juan del Norte River, but to effect it indeterminately: by this route and that of the Great Lake or by any other route in the territory of the Republic. Consequently, said concession not having designated any route determinately, and not having as an immediate and direct object the construction of a canal; moreover, it being impossible to proceed to the construction of a canal by virtue of this treaty, as shown by the final part of Article 1 of the Agreement, the Nicaraguan Government maintains that the honorable Court did not decide according to truth and justice when it declared, contrary to the evidence presented, that the treaty in question violates the rights of Costa Rica.

II

THE AWARD IN THE SUIT OF THE GOVERNMENT OF EL SALVADOR AGAINST NICARAGUA

No less oversteppings or excesses of authority are involved in the award which the same honorable Court rendered against the Nicaraguan Government in the suit instituted against it by the Republic of El Salvador.

My Government opportunely informed the honorable Tribunal that the Chamorro-Bryan Treaty was a matter that did not come under its jurisdiction, inasmuch as it did not constitute a purely Central American question and, in view of the indivisibility of the contract, it was impossible to render in regard to it an award against the Nicaraguan Government without at the same time affecting rights acquired thereunder by a third nation not subject to the jurisdiction of the Court.

But the honorable Tribunal, arrogating to itself an authority far from having been conferred upon it by Article 1 of the Convention to which it owes its origin, and placing a broad construction on the words defining its sphere of jurisdiction, decided to embrace therein not only purely Central American questions but also mixed questions involving interests of a third party and even those which affect the honor of nations. In justification of these latter two points, it adduces the untenable argument that if its interpretation did not prevail the labors of the

illustrious negotiators of the compacts would have been in vain, as also the moral force inspired in them by the presence of the United States and Mexican Governments, which took part in their preparation.

To this was given the obvious reply that it is not dishonorable or subversive of the ends of the arbitral institution that it should not take cognizance of matters not subject to its jurisdiction, or of those which can not be submitted to it according to international law, such as questions of a political character and concerning national honor.

The opinion of the honorable Tribunal in this regard, which is not in conformity with the reality of things, led it to impose upon my Government, through its award, an obligation which is either unexecutable owing to manifest impossibility, or, if it is capable of execution, it would hurt the interests of a third party not subject to the jurisdiction of the Tribunal.

It is beyond doubt impossible to restore the state of affairs existing prior to the conclusion of the Chamorro-Bryan Treaty without breaking the latter, and the bare inadmissible claim of the Court in this regard deeply wounds national honor, independence and sovereignty, these being attributes which have neither been placed under the jurisdiction of the honorable Tribunal nor could be in any case that might arise, for the reason that this would mean placing in its hands without counterpoise of any kind the vital interests of the Nation.

In treating of this point it behooves me to state that my Government absolutely disagrees with the opinion of the honorable Court to the effect that the wording of Article I of the creating Convention involves "the absolute sanction of compulsory arbitration, of which the tribunal is the sole type in the world," which opinion has been carried to such extremes that it enabled it to frame the following unheard-of declaration, made in a note of the clerk of the Court under date of July 14, 1917, addressed to the Ministry of Foreign Relations of Nicaragua: "National honor, absolute independence, unrestricted sovereignty, vital interests of the Nation, and other 'sacramental formulas' used for the purpose of eluding the action of justice through arbitration, are banished from the halls of the Central American Court": a surprising and significant declaration against which I must, overcoming scruples based on the highest respect for the honorable Tribunal, freely perform an unavoidable duty by entering the protest of my Government.

If the general principles of international law which preserve the rights of the parties injured by an arbitral award were not sufficient to repel such an opinion, besides authorizing the parties to oppose and combat the award under the circumstances designated by international law, I should take the liberty to remind the honorable Court of the absolute impossibility of its passing upon matters of this nature, inasmuch as the body of international law does not afford any established rules for forming a true judgment in this matter, or any authorization for assuming this right of passing *ad libitum* upon questions of such transcendent importance.

This Government likewise thinks that the use of lawful arguments for refusing to accept an award considered unjust can not rightly be characterized by the strange words "sacramental formulas for eluding the action of justice", this being an unwarranted charge which my Government refutes, especially when such justice does not exist, as is evident in the present case.

Another of the points embraced in the award is that relating to an imaginary joint dominion over the waters of the Gulf of Fonseca among the Republics of Nicaragua, Honduras and El Salvador.

These three Nations have uniformly recognized that the waters of this Gulf are prolongations of their respective territories and that the three sovereignties consequently concur in their respective parts over the Gulf. The reason of this recognition is the small area of the bay.

When the Honduran Government learned of the claim of the existence of a joint dominion of the three Nations over the Gulf, which claim was embodied in the suit brought against my Government before the honorable Central American Court by the Government of El Salvador, it made a protest to that Government, under date of September 30, 1916, which it conveyed at the same time to the knowledge of the High Tribunal and of which I reproduce the following paragraphs:

"It is not among the purposes of the Honduran Government to discuss the grounds of your excellency's Government in upholding, in the suit brought against the Nicaraguan Government, rights of joint dominion in the Gulf of Fonseca, nor is it presumable that the Central American Court will decide a point which affects the Republic of Honduras in a suit in which this Government has no participation.

"The object of the present note, most excellent Sir, is to protest on behalf and with the express authorization of my Government against the alleged right of joint dominion which your excellency's Government claims in the suit instituted against the Nicaraguan Government, and to declare, as the Honduran Government hereby declares through me, that it has not recognized and does not recognize a state of joint dominion with El Salvador or with any other Republic in the waters which belong to it in the Gulf of Fonseca.

"My Government furthermore declares that the line fixed in 1900 in the waters of the said Gulf by the Mixed Boundary Commission of Honduras and Nicaragua in order to expressly and clearly determine the limits of their maritime frontier will be considered as such from the time its validity and practical effectiveness was fixed, as well as the rest of the line drawn by said commission on the land frontier, and that at no time since the consummation of the act fixing the said line has the Government of El Salvador made any objection against the validity thereof.

"The circumstance that the boundary line between Honduras and El Salvador has not been marked does not constitute commonness and joint dominion in the waters of the Gulf of Fonseca.

"The very text of Article 13 of the Salvadorean law on navigation and marine, which says: 'The territorial sea of the Republic is divided into five maritime departments in the following manner: 1. Maritime department of La Union, comprising the Bay of Conchagua and the part of the Gulf of Fonseca in which are situated the Salvadorean islands and the territorial sea up to the parallel of the eastern mouth of the San Miguel River,' and which was inclosed as an exhibit with the suit mentioned, appears to demonstrate the fact that your excellency's Government did not consider that community of dominion with Honduras to exist or the right of joint dominion which it alleges to be formal.

"The rights which El Salvador believed that it had over part of the Gulf of Fonseca and over some of its islands are not defined or recognized by Honduras. In order to clear up these rights, boundary conventions which have hitherto been unsuccessful were concluded between the two Nations; but the Honduran Government considers that, notwithstanding the indeterminateness of the boundary lines, the Salvadorean Nation, which indicated its own boundaries in the first Constitution it adopted after gaining its independence, could not extend them beyond what belongs to it according to the corroborative documents of both Republics."

The points embraced in the protest of the Honduran Government against the joint dominion claimed by the Government of El Salvador in the Gulf of Fonseca coincide with the answer given by my Government to the Salvadorean suit in regard to this point:

While my Government realizes the dominion and possession of the three countries in the Gulf of Fonseca, which dates back to the beginning of the conquest of the American Continent, it absolutely denies that this dominion and possession have been exercised in common or have constituted a community of possession between the said Republics. No legal technicality warrants considering as a community of possession the coexistence of contiguous sovereign countries between which the boundary line has not yet been marked, nor is the use of such terms warranted by the circumstance of concurrence or adjacency of the territories of Nicaragua, Honduras and El Salvador to the waters of said Gulf, for what really occurred for a long time on account of this situation was that the territorial part belonging to each of the three Republics had not been separated by a formal demarcation of boundaries.

To the fundamental arguments preceding should be added the following:

The Republic of El Salvador not bordering on Nicaragua, the Republics of Nicaragua and Honduras agreed between themselves in 1894 to fix their boundary line, the demarcation having been begun at the western part of both, in the Bay of Fonseca, as is shown from Act II of the Honduro-Nicaraguan Mixed Boundary Commission, concluded at San Marcos de Colon on July 12, 1900. That the Republic of El Salvador does not border on Nicaragua is plainly demonstrated by the geographical position of both Republics, which have Honduras between them, and furthermore by the frank official declaration of the Government of said Republic (El Salvador), as appears from the note of the Department of Foreign Affairs addressed to the International Central American Bureau in connection with the request made of it by the latter that it enforce the rules adopted by the Third Central American Conference regarding free trade, which note reads as follows in its pertinent part:

"In reply I take pleasure in stating to your Honorable Institution that my Government has for some time been endeavoring to conclude commercial arrangements with the Governments of Guatemala and Honduras on bases which shall not injure the Public Treasury of any of these Republics or of El Salvador. As the subject is rather delicate and its solution very complicated, these arrangements have proceeded slowly, without however failing to occupy the attention of this Government, which hopes to bring them to a beneficent and practical conclusion in a short time. When this object is accomplished it intends to undertake a similar task with the other Republics, Costa Rica and Nicaragua, the fact that it has not common boundaries with which renders the arrangement of free trade less imperatively necessary." (Note of the Salvadorean Foreign Office, No. 587, of July 16, 1917.)

Therefore, as the plaintiff himself admits that he has not a common boundary with Nicaragua (a truth which geography itself has proclaimed), the honorable Court could not, without exceeding its powers, set down in its award that there is a joint dominion between El Salvador and Nicaragua in the waters of the Gulf of Fonseca, since it would follow as a necessary inference from such joint dominion that the boundaries were common.

What is more, the honorable Court, perhaps for the sake of not contradicting the provisions of the Salvadorean law on navigation and marine, and fundamentally opposing the theory that the waters of the Gulf constitute a common possession (community) and joint dominion of the three adjacent Nations, distinguished three classes of waters in the Gulf: 1. littoral waters; 2. waters for inspection zones; and 3, an undivided reserve of waters between the three Nations. With respect to the littoral waters, three nautical miles in extent, it declares that in them each Nation has a right to exercise its absolute and exclusive sovereignty; beyond these three nautical miles it grants to each Nation two nautical leagues for the exercise of revenue police; and it is only beyond these two leagues of inspection zone that it establishes the existence of common waters. Here are the pertinent paragraphs of the clerk of the Court, dated July 14 of this year, in which are summed up the grounds with respect to joint dominion on which the award was based:

"The Court, then, recognizing as a general thesis that joint dominion is incompatible with the exercise of sovereignty in the zone or strip which constitutes the littoral sea in each of the two Nations, and, more than this, that owing to the peculiar geographical configuration and ample extent thereof, each of these Nations has a perfect right to exercise its absolute and perfect sovereignty in the three nautical miles expressly excepted in the award, took special care to classify the waters contained in the Gulf of Fonseca into three distinct categories: That comprising the littoral league; that comprising the two further leagues intended for inspection zones for purposes of revenue policing; and that embracing a reserve of waters not comprised in the preceding categories. It clearly decided and thus states in the '*Considerandos*' of the award that joint dominion exists solely in the rest of the waters of the Gulf, after measuring the three miles which form the maritime littoral absolutely and exclusively owned by each nation."

From this declaration of the Honorable Tribunal, admitting for a moment the classification, it is deduced that the waters in which, in its judgment, the alleged joint dominion and community of possession exist, are situated beyond the two leagues of the inspection zone.

It is consequently logical to infer that when the honorable Tribunal declared that the Nicaraguan Government violated the joint dominion of El Salvador and Nicaragua over the Gulf by concluding the Chamorro-Bryan Treaty it notoriously departed from the reality of things, which ought always to serve as the basis of any just decision, for Nicaragua made the concession of the naval base in her own maritime territory, already demarcated with Honduras since 1900.

The naval base can not in any case embrace the three nautical miles in the Gulf which the Court calls littoral sea; so that, even if the territorial division between Nicaragua and Honduras had not been made, the Nicaraguan Government could not justly be accused of having violated the capricious joint dominion by the concession mentioned, inasmuch as the Court established that each Nation of the three which are adjacent to the Gulf may exercise its absolute and exclusive sovereignty within the three nautical miles comprised by the littoral sea of each, it following hence that the honorable Tribunal could not have rendered this part of its award to which I refer without exceeding its powers and deeply affecting the truth of matters.

On the other hand, eliminating the territorial part of the Gulf which belongs to Nicaragua by virtue of the division made in 1900 with Honduras and taking into account the project of a boundary line contemplated for some time between El Salvador and Honduras, the reserve of waters to which the Court refers disappears.

As a matter of fact, the project of a boundary line between these countries is set forth in Article 2 of the Boundary Treaties of April 10, 1884, which reads: "the maritime line between El Salvador and Honduras starts at the Pacific, dividing by half, in the Gulf of Fonseca, the distance existing between the islands of Meanguera, Conchaguita, Martin Perez and Punta Zacate, of El Salvador, and the islands of El Tigre, Zacate Grande, Inglesa and Exposicion, of Honduras, and it ends at the mouth of the Goascoran." There is no doubt that this line, which was not approved by the Congress of Honduras, will be the one which sooner or later, with a change of details, will have to constitute in the Gulf the territorial line between El Salvador and Honduras.

And when this line is established, and taking into account the one already drawn in the same waters between Nicaragua and Honduras, where will the reserve of waters be situated which was mentioned in the award of the honorable Tribunal?

And if this reserve of waters, imagined by the honorable Tribunal and not admitted by Nicaragua, is the part still undivided between the countries in question and constitutes the joint dominion, with what justifiable reason is it declared that the Nicaraguan Government has violated this joint dominion by granting the naval base, when the latter is to be established on a point of the territory of Nicaragua?

The deeper my Government goes into this matter the more firmly does it become convinced that the decision of the Court constitutes without any doubts a flagrant exceeding of authority.

And no less so is the obligation imposed by the same award on the Nicaraguan Government to restore the legal status existing prior to the conclusion of the Chamorro-Bryan Treaty, for this obligation, if capable of being performed, would involve a very grave impairment of the national honor and independence.

Granting that the suit of the El Salvador Government is founded on the points of law which it alleges were violated by the aforesaid convention, it would be impossible, from any standpoint, to restore this legal status without doing away with the convention itself. For how could the effect cease to exist if the cause producing it continued? Consequently, if the aforesaid obligation were capable of being performed, it would be tantamount to admitting that Nicaragua could debase her sovereignty, affect her independence, and impair her honor, by having to undo what is done, in undignified obedience to unacceptable pretensions of a supposedly superior power. But the fact is that Nicaragua has not deposed her sovereignty and independence into the hands of the Central American Tribunal of Arbitration in order to submit to it unconditionally, implicitly relinquishing those high attributes which make her a sovereign unit in the international commonwealth. The award would have had some rational, logical and juridical sense in the part with which I am engaged if, as intimated by the honorable Magistrate for Guatemala, Licenciado don Angel Maria Bocanegra, it had been decreed that the Government of Nicaragua is under obligation to make such reparations as may be possible in conformity with the principles of international law. Such an obligation would have been reasonable in case the violations of right alleged by the plaintiff existed; for by this means, in this supposed case, both the rights of the plaintiff and the national honor and independence would have been saved; but it is inconceivable that judges not authorized for the purpose should have imposed upon the Nicaraguan Government an obligation which, if it had to be carried out, would deeply wound the honor of the Nation.

In the foregoing statement, Mr. Minister, are set forth the powerful and just grounds which have compelled my Government to reach the unbreakable resolution to reject the awards rendered by the honorable Central American Court in the suits brought against it respectively by the Governments of Costa Rica and El Salvador, not without calling to mind that by this attitude it is far from causing detriment to the cause of international arbitration, inasmuch as the rights of no one are injured when legitimate use is made, as in the present case, of the right which international law grants to any of the parties injured in an arbitration suit.

I take pleasure [etc.]

J. A. URTECHO

FOREIGN RELATIONS
FINANCIAL AFFAIRS¹

File No. 817.51/865

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, January 10, 1917, 5 p. m.

Bankers transmitted to Department copy of cable which they received from Foreign Bondholders dated January 5. Your opinion is requested as to statements made in this cable:

Committee very reluctant entertain any further reduction or postponement but if requested to do so by United States Government would be willing to consider arrangement on following basis: Part payment coupons next two years in cash and balance in interest-bearing certificates redeemable within period to be agreed. Full service debt under 1912 settlement to be resumed as from 1st January 1919 and if customs receipts exceed two hundred eighty-eight thousand pounds per annum fifty per cent of excess to be applied to amortization of funding certificates and when these are discharged to payment arrears sinking fund on bonds. If any new loan is contracted by Nicaragua any outstanding funding certificates and arrears sinking fund on bonds to be paid out of proceeds. No other claim to receive more favorable treatment than bondholders' claim and bondholders' preferential rights to be maintained. Acceptance of any such arrangement to be absolutely conditional on all arrears to 1st January 1917 being paid out of Treaty money before February 15. Writing fully. Signed Council Foreign Bondholders.

LANSING

File No. 817.51/865

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, January 12, 1917, 4 p. m.

Department's January 10, 5 p. m. After discussing fully provisions of the same with President Chamorro and the Minister of Finance we have concluded to request the Department to ask that such an arrangement as outlined in the Department's January 10, 5 p. m., be entered into. While I am rather reluctant to approve the extension of time on the Ethelburga debt, I feel that on account of the decrease in the customs receipts and the internal revenue and also in view of the fact President Chamorro reports to me the pressing needs of his Government which amount to approximately 500,000 dollars in back salaries estimated it probably will be one of the best ways to aid his administration since both he and his Minister of Finance have promised me to faithfully cooperate with the Legation in affecting a reorganization of the public service.

Therefore I would suggest that the money held here by the Customs be turned over at once to the Nicaraguan Government.

JEFFERSON

¹ Continued from For. Rel. 1916, pp. 898-917.

File No. 817.51/868

The Secretary of State to Minister Jefferson

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, January 18, 1917, 6 p. m.

Your December 31, 3 p. m.³ and January 12, 4 p. m. Matter of Ethelburga proposition discussed with bankers in New York yesterday, who are cabling to find out if bondholders will agree to even better terms than they already offered.

Matter of appointment of Financial Adviser and formation of commission demand immediate attention.

LANSING

File No. 817.51/873

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, January 18, 1917, 4 p. m.

The matter of forming a commission was discussed again yesterday with President Chamorro and his legal advisers, Doctors Pedro Gonzalez and Bargemen Kena Diaz. They strongly advised against including in the plan the reopening of the Mixed Claims Commission awards and cited Article 1 decree creating Mixed Claims Commission and Article 171 of the Nicaraguan Constitution. Besides they thought it might reopen the question of monopolies and concessions.

They agreed to comply with the provisions of Article 3 of the Bryan-Chamorro Treaty subject to the following conditions:

1. That the Government be permitted to use from the three million dollars one hundred thousand dollars for the purpose of constructing colleges, the money to be equally divided between the cities Leon Granda and Managua, Chamorro being very anxious to have this done if possible:

2. That four hundred thousand dollars of the Canal money be placed their disposal for the payment of pressing debts, back salaries, etc., and to pay amount due by the Government for tobacco: and

3. That the balance of the money be exclusively applied to the Nicaraguan debt as may be determined by the commission and in accordance with Article 3 of the Treaty.

Hope to have bill presented to Congress not later than Monday.

JEFFERSON

File No. 817.51/873

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, January 26, 1917, 4 p. m.

Your January 18, 4 p. m. The inclusion of mixed claims awards in investigation had reference only to awards which had changed hands for purposes of speculation. Department has felt that speculators are not entitled to full value of award if bought at low figure

³ For. Rel. 1916, p. 917.

for purpose of great gain. What are your views and those of Nicaraguan Government?

The three propositions of the President are being carefully considered. But it is felt that No. 1 must wait for decision until result of investigation is known.

Does No. 2 contemplate an additional 150,000 dollars out of Canal fund after 250,000 dollars is paid and 240,000 dollars released after payment of Ethelburga interest?

LANSING

File No. 817.51/876

Minister Jefferson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Managua, January 26, 1917, 5 p. m.

The Legation received January 25, 1917, the following official communication from the Minister for Foreign Affairs with the request that the same be sent to the Department:

The desire of the Nicaraguan Government is that the Government of the United States please pay the Ethelburga from the money now on deposit for the Canal Treaty the value of sevii [?] 24 coupons convertible January 1, 1915 to December 31, 1916.

In return the Nicaraguan Government expects that there will be placed at its disposal before February 1, 1917, 243,000 cordobas now held by customs and also that a draft for 250,000 dollars be drawn in favor of Nicaraguan Government from the Canal money. Sums of money so received by the Government will be used for payment of urgent needs and back salaries of the Government in accordance with express conditions through the medium of the Legation as may be decided by the Secretary of State.

The executive has communicated to the National Congress a decree for the purpose of creating a debt commission composed of the Minister of Finance and Lindberg and the Secretary of State, or the person he may designate to act as arbiter, the President reserving for later consideration the appointing of a Financial Adviser.

JEFFERSON

File No. 817.51/874

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,

Washington, January 26, 1917, 5 p. m.

Department's January 10, 5 p. m. Your January 12, 4 p. m. For your information the Department quotes telegrams exchanged between the bankers and the Council of Foreign Bondholders with a view to making a satisfactory adjustment of Nicaragua's finances.

Cooper, Secretary of Foreign Bondholders, London: Have been in conference with Department of State of United States who have been in cable correspondence with United States Minister to Nicaragua. Believe following arrangement can be made with Nicaragua in consultation with the Department of State of the United States: All arrears of interest on sterling bonds up to and including January 1, 1917, to be paid in cash out of Treaty money, coupons for the next three years, that is to say, including coupon due January 1, 1920, to be paid as they mature 25 per cent in cash, 75 per cent in funding certificates payable not later than five years from date of issue, certificates to bear interest at 6 per cent payable semiannually in cash, principal of certificates to be payable out of 50 per cent of surplus revenue above say 1,400,000 dollars or such lower

limit as may be determined by the American Financial Adviser to be appointed and when funding certificates discharged such 50 per cent surplus to be applied to payment of arrears of sinking fund on bonds. No new loan by Nicaragua now contemplated or possible but no objection to stipulation such as you suggest on this head. Bondholders' preferential rights to be maintained and no other claims to receive more favorable treatment than your bondholders. Matter will be pushed with utmost expedition but it may not be possible to close it before two or three weeks as appointment of Financial Adviser and other details will take time. Brown Brothers and Company and J. & W. Seligman and Company will undoubtedly in order to make possible the contemplated arrangements be compelled to waive part of their claim on Treaty money.

Seligman, New York. Telegram received. Please confirm that funding certificates would be paid in five years from date issue in any event and that customs receipts over 1,400,000 dollars or such lower limit as may be determined by Financial Adviser would be applied to special amortization. Essential we should know exactly how Brown Seligman's claim would be treated during time bondholders are receiving part interest in new paper. Committee of opinion funding certificates would only be saleable at low price and consider funding arrangement should be limited to two years but would agree to three years provided 25 per cent of interest first year, 50 per cent second year and 75 per cent third year paid in cash. Committee think connection United States Government with arrangement should go further than mere consultation and that it should appear on face of agreement that it is made under their auspices or with their sanction. Cooper.

Seligman, New York. Any arrangements such as that proposed will require ratification by general meeting bondholders. Cooper.

LANSING

File No. 817.51/885

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, January 30, 1917, 2 p. m.

Department's January 26, 4 p. m. Have had decree for forming commission drawn in accordance with Article 85, Section 15 of the Constitution which will, I believe, give the President and commission ample power to investigate any claim which has changed hands for the sake of speculation. However, we are of the opinion that great care should be exercised in the matter of awards of Mixed Claims Commission not in conflict with provisions of the Constitution.

Number two contemplates an additional 100,000 dollars from the Canal fund for college purposes.

JEFFERSON

File No. 817.51/886

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, January 31, 1917.

MOST EXCELLENT MR. SECRETARY OF STATE: I have the honor to inform your excellency that I received to-day cable instructions from the President of Nicaragua to say to your excellency that the nomination of the members of the Commission on the Revision of the Debts of Nicaragua has already been sent to the Congress for its approval and that he expects the decree relative thereto to be issued this week. The President also authorizes me to inform your excellency that he is seeking the opportune moment to send to the Congress the nomination of a Fiscal Adviser.

Therefore the President directs me to take steps with your excellency's Government towards obtaining the payment of the sum of 250,000 dollars, on account of the proceeds of the Canal Treaty, now deposited in this country to your excellency's order. I therefore beg your excellency kindly to take appropriate measures to have the payment of that sum effected in accordance with the agreement between the two Governments.

I avail [etc.]

JOAQUIN CUADRA Z.

File No. 817.51/887

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Managua, February 1, 1917, 3 p. m.

The Legation yesterday received the following official communication from the Minister for Foreign Affairs with the urgent request that it should be immediately transmitted to the Department:

In conformity with the cablegrams crossed the 26th of this month between the bankers Brown Brothers and Seligman and the Secretary of the Board of Foreign Bondholders and with instructions from the President, I have the honor to communicate the wishes of my Government that from the Canal funds there be moving at once to the Ethelburga the necessary amount to cover the 25 coupons corresponding for the lapse of time from January 1, 1915, to January 1, 1917, inclusive.

Yesterday, during my conference with President Chamorro, we again discussed the matter of appointing a Financial Adviser. He informed me that at an opportune time he would submit the question to the Congress; that he would have to overcome to a certain extent Department's opposition in Congress to such an appointment and should like first to pass the bill creating a debt commission; that opinion here is entitled to consideration; that as soon as known that he contemplates appointing a Financial Adviser he would meet with many difficulties and he should like to know the general plan of the Department so that he may later present the entire matter to Congress and at the same time include the appointment of the Financial Adviser. He is very desirous that the Department at once authorize to be paid from the Canal money 250,000 dollars for his urgent needs, it being physically impossible to pass at once the bill forming the debt commission though Ham will be authorized to act with the Minister of Finance in the application of this money.

JEFFERSON

File No. 817.51/876

The Secretary of State to Minister Jefferson

[Telegrams]

DEPARTMENT OF STATE,

Washington, February 1, 1917, 4 p. m.

Department's January 25, 5 p. m. Your January 26, 5 p. m. Chamorro has telegraphed Cuadra that he will seek opportune moment for presenting matter Financial Adviser to Congress. As this assurance has now come it is felt that 250,000 dollars should be paid

from Canal fund to Government of Nicaragua it being understood that it will be used in payment of pressing Government indebtedness and back salaries of Government employees in accordance with conditions to be agreed upon by Minister of Finance and Ham. You may therefore address a note to Minister for Foreign Affairs saying that Department in accordance with terms of treaty is in accord with Government of Nicaragua for application of sum of 250,000 dollars from Canal funds to be applied for purposes so stated.

LANSING

File No. 817.51/885

DEPARTMENT OF STATE,
Washington, February 2, 1917, 4 p. m.

First paragraph your January 30, 2 p. m. approved. Matter of additional hundred thousand dollars must await result of investigation and report of commission.

LANSING

File No. 817.51/888

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, February 5, 1917, 10 a. m.

Department's February 1, 4 p. m. Have addressed note to Minister for Foreign Affairs informing the Nicaraguan Government that the sum of 250,000 dollars will be deposited to its order.

Please indicate on what bank the drafts are to be drawn for this amount. Reply requested at once.

JEFFERSON

File No. 817.51/886

The Secretary of State to the Chargé d'Affaires of Nicaragua

No. 28

DEPARTMENT OF STATE,
Washington, February 7, 1917.

SIR: I have the honor to acknowledge the receipt of your note of January 31, in which you state that you are instructed by the President of Nicaragua to inform me that the nominations of the members of the Committee on the Revision of the Debts of Nicaragua have been sent to the Nicaraguan Congress and that he is awaiting an opportune time to nominate a Fiscal Adviser. The President therefore instructs you to take steps to have 250,000 dollars of the amount payable to Nicaragua under the Canal treaty made available for the use of the Nicaraguan Government.

In reply I have the honor to say that your statement as to the Fiscal Adviser has been noted, and that instructions have been sent to the American Legation at Managua to reply to the note of the Minister for Foreign Affairs of January 25 by saying that the Government of the United States is in accord with the Government of Nicaragua that 250,000 dollars from the Canal fund should be applied to the Nicaraguan Government's indebtedness and back salaries, and that this sum has been placed to the credit of Nicaragua.

Accept [etc.]

ROBERT LANSING

File No. 817.51/888

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, February 7, 1917, 4 p. m.

Your February 5, 10 a. m. Department deposited to-day with Brown Brothers and Co. New York, Treasury warrant for 250,000 dollars to the order of the Government of Nicaragua under Article 3 of the Treaty.

They have been instructed to cable this money to the National Bank of Nicaragua at Managua to be held subject to the order of the Minister of Finance and Clifford D. Ham, Committee appointed by the Nicaraguan Government with the approval of the Government of the United States to disburse this sum.

LANSING

File No. 817.51/898

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, February 23, 1917, 3 p. m.

The Minister for Foreign Affairs officially informed the Legation of the passage of a law creating a debt commission which among other things further promises the appointment of three members: the Nicaraguan Minister of Finance, the other to be designated by the Department of State, and the third to act as arbitrator to be agreed upon by the Secretary of State and the President of Nicaragua.

The President is very anxious for the commission to begin its work and therefore wishes the Secretary of State to indicate to me his choices. I wish to say that Lindberg is very acceptable as one of the commission. He could commence his work at once with the Minister of Finance and later in the event of disagreements the arbitrator may be appointed.

Shall await instructions from Department.

JEFFERSON

File No. 817.51/898

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, February 27, 1917, 5 p. m.

Your February 23, 3 p. m. Formation of commission by passage of law satisfactory to Department. It considers that Minister of Finance, Lindberg and Paxton to be third, will also be satisfactory. Commission should immediately commence its labors and Paxton will leave for Managua in near future.

LANSING

File No. 817.51/911

Minister Jefferson to the Secretary of State

No. 346

AMERICAN LEGATION,
Managua, February 28, 1917.

SIR: I have the honor to enclose herewith for the information of the Department a copy and translation of the law creating a Commission of Public Credit, as passed by the Nicaraguan Congress and signed by President Chamorro February 14, 1917.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

Decree of the Senate and Chamber of Deputies of the Republic of Nicaragua creating a Commission of Public Credit

MANAGUA, February 20, 1917.

Article 1. That there be created a commission which shall be called "Commission of Public Credit", composed of two members, one of whom shall be the Minister of Finance or the person whom the Executive may designate, and the other, as also the third in case of disagreement, shall be named by the Executive Power in accord with the Department of State of the United States of North America.

Article 2. This commission shall have knowledge of all the credits of which the public debt is composed and shall dictate all the means leading to the fixing of the net amount of the liabilities of State; the two members having, moreover, the authority to make, by common consent, definite arrangements with the creditors of the Republic as to the means of payment.

Article 3. The decisions of the commission shall be final.

In the case that its two members cannot agree on any point whatsoever, the difference shall be submitted to the arbitrator, whose decision as given shall have the character of being final and without appeal.

Article 4. The commission shall be empowered to determine the form in which they must apply to the settlement of the public debt that part of the funds which the Government of the United States of North America must deliver to the Government of the Republic in order to conform with the provision in Article 3 of the Chamorro-Bryan Treaty, celebrated in Washington August 5, 1914.

Article 5. The seat of the commission shall be the capital of the Republic; but it may be transferred for a time to any place in the country, once it has been installed and always that it be done in accord with the original purpose of the present law.

Article 6. The commission shall continue in the performance of its functions for three months, counting from its time of installation, it being capable of being extended for three months; by consent of the Executive, who also is empowered to bring to an end the functions of the commission, if before the completion of the period of the extension the work shall have been finished.

Article 7. The Executive Power shall carry out and execute the present law which shall become effective from the day of its publication in the *Gaceta*.

Given in the Hall of Sessions of the Chamber of Deputies. Managua, February 2, 1917. R. Enríquez, D. V. P.—D. Caldero B, D. S.—Aníbal Solórzano, D. S.

To the Executive Power—Chamber of the Senate, Managua, February 9, 1917. Joa. Solórzano Z., S. P.—M. J. Morales, S. S.—Benj. Elizondo, S. S.

Therefore, be it executed. Presidential House. Managua, February 14, 1917. Emiliano Chamorro. The Minister of Finance, M. Benard.

File No. 817.51/904

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, March 7, 1917, 10 a. m.

Department's February 27, 5 p. m. The President approves appointment of Lindberg and Paxton. Commission will begin work at once. No hurry about Paxton's coming as he is to act as arbitrator.

JEFFERSON

File No. 817.51/917

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, March 24, 1917.

MR. SECRETARY OF STATE: I have the honor to inform your excellency that I have received from the President of Nicaragua a cable directing me to urge, in my representations to the Department of State, that the reference to a Financial Adviser to be appointed by the Government of Nicaragua be eliminated from the pending contract with the Ethelburga. I had occasion last week to lay before the Department of State a full statement of the reasons which now militate against the expediency and suitability of making that appointment under existing circumstances and for the same reason President Chamorro believes it would be much more advisable to strike out from the Ethelburga contract the reference to the appointment. In return, President Chamorro instructs me to say to your excellency that he agrees to a mention being made in that contract of the Commission on the Revision of the Debts, dealt with in its Article 11, trusting that the said commission would suffice to meet the guaranties sought in the negotiation.

I therefore take the liberty of reiterating to you the Nicaraguan Government's request that the Department once more extend to us its generous assistance toward finding a way of arranging matters so that the Ethelburga contract may be perfected at the earliest possible date, by reason of the urgent need in which Nicaragua stands for funds with which to relieve the economic situation that is now so trying, without making therein any reference to the Financial Adviser.

Thanking your excellency in advance for such action as you may be able to take in the sense above indicated, I take pleasure [etc.]

JOAQUIN CUADRA Z.

File No. 817.51/918a

The Acting Secretary of State to Minister Jefferson

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, March 24, 1917, 7 p. m.

With reference to your December 31, 3 p. m.,⁴ first sentence, second paragraph, and your January 12, 4 p. m. The Department of State, in view of the desire expressed by the Government of Nicaragua, has lent its good offices for the bringing about of a satisfactory plan looking towards reorganization and reform in the finances of that

⁴For. Rel. 1916, p. 917.

Republic, in cooperation with the bankers. This plan was finally elaborated after much thought and labor on the part of the Department and bankers. Every step discussed in the conference reported to you December 22, 1916,⁵ was thought out with great care. The basis of this plan clearly necessitates arrangement with Ethelburga Syndicate, and is contingent upon the appointment of a Financial Adviser as is also any emission of bonds to aid in the payment of claims against the Government.

The Department has been informed from various sources that apparent hostility and unfriendly feeling exists in Nicaragua against the bankers, Ham and the State Department, and that this is very prejudicial to American interests.

The bankers have conferred with the State Department in regard to these reports and they have expressed their feelings that unless a radical change is brought about in the sentiments reported they will withdraw their suggestions and cooperation in the plan for the financial rehabilitation of Nicaragua.

They also state that they will withdraw from negotiation with the Corporation of Foreign Bondholders of London as this corporation has been relying upon their representations as to the friendly attitude of the Nicaraguan Government.

The cooperation of bankers must necessarily be on strictly business basis and it was upon strictly business terms that the Department was able to secure their cooperation, and unless the arrangements as contemplated in the plan originally proposed are carried out the Department may be unable to lend its good offices to any further arrangements. It is also evident that no other bankers will be willing to negotiate with the Government of Nicaragua should it be clearly seen that Brown Brothers and Company and Seligman and Company do not desire to proceed on account of not being able to obtain the cooperation of the Government of Nicaragua which they consider necessary.

POLK

File No. 817.51/931

Minister Jefferson to the Secretary of State

No. 357

AMERICAN LEGATION,
Managua, March 28, 1917.

SIR: I have the honor to enclose herewith for the information of the Department copy and translation of the data requested by the Commission of Public Credit of the holders of claims against the Government of Nicaragua.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

Notice of the Commission of Public Credit to all holders of claims against the Government

It being necessary for the Commission of Public Credit to learn the exact amount of the public debt, and the history of the credits of which it is composed, it gives notice to all persons, societies or corporations holding any documents

⁵ For. Rel. 1916, p. 917.

against the State that they should send to this office as soon as possible the following data on their credits:

1. Concerning cash loans: Amount of the original sum, kind of money in which the obligation is, rate of interest, amount of interests liquidated on December 31 last, total including principal and interests, the date on which the obligation was contracted, the date of maturity, the public official who signed the obligation, name of the office, date and name of the official who received the sum, number and date of the document.

2. Concerning loans part in cash and part in documents of public credit (portioned loans): All foregoing data, and in addition detail of the part in cash and of the part in credits with which it was portioned.

3. Concerning whisky and tobacco: Number of certificate, date, official who signed the obligation, the depository where the goods were delivered, the principal, the interests, the total of principal and interests.

4. Concerning invoices of merchandise sold to the Government: There shall be expressed the class of goods or articles, by whom it was ordered, to whom it was delivered, total of articles, amount of unit value, date on which delivered, and a true copy of each invoice.

5. The amounts of foreign correspondents: There shall be sent statements complete to December 31 last with the verifying invoices.

6. Holders of bonds of national taxes of 1913: They shall give the number of bonds, number of register, sum total and interests to December 31 last, amount in cash and amount in documents of public credit which were delivered.

7. Leases: Date of the lease, monthly amount of the same, period of the contract and the amount due to December 31, 1916.

8. Supplies of all kinds, such as of water, lights, etc.

9. Bonds of the administration of ex-President Zelaya: Number of bonds, number of the series and of each bond, and the sum total.

10. Bonds of the administration of ex-President Madriz: Number of bonds, number of the series and of each bond, and the sum total.

11. Documents or *quedans* (promises to pay): If they proceed from the bonds of the administrations of ex-Presidents Zelaya and Madriz, they shall state from which of the issues of 1909.

12. Documents proceeding from cancellations of privileges or monopolies.

13. Taxes for all time, verified by the constituted Government.

14. Levies or pillage by revolutionaries, but recognized as debts of the State by a public official or a competent tribunal.

In brief, it is desired to obtain the data of all debts against the State, duly legalized with all the necessary requisites, and signed by a public official or competent tribunal.

With respect to the credits of the Mixed Claims Commission, the holder of credits of this class shall send the following data: Number of the judgment, name of the original claimant, number of the case, amount recognized and the name of the actual holder.

There shall be excepted from the sending of this data back salaries for services to the Government, as salaries, fees and wages of employees shown by the State budget, subsidies to colleges and schools, and charities, pensions to invalids and other pensions.

Note: Every creditor must place at the foot of the statement of the data concerning his credit the following oath: "I certify that the statement which precedes with regard to the data of my credit is authentic, that I am owner or legitimate holder, and that I have not received any sum or sums on account of this credit."

If any sum or sums have been received on account, there shall be given the date, and the sum or sums, the public official from whom they were received and the office of the one who paid them.

(Here the date and the signature of the holder of the credit)

M. BENARD,

Commissioned by the Government of Nicaragua—President

ALBERTO ZELAYA,

Secretary

A. F. LINDBERG,

Commissioned by the Department of State of the United States

MANAGUA, March 22, 1917.

File No. 817.51/923

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, April 10, 1917, 5 p. m.

With reference to appointment of Financial Adviser. I again fully discussed the question with President Chamorro. He informed me that he had given the matter mature consideration and that it would not be politic nor possible for him to make the appointment. He stated that all he wished was to be permitted to supervise his own internal expenditures and that he would promise to live within his budget and that he should like to see matters go on as before in the hands of the Collector General of Customs and the bankers secured in their investment; but in case the Department should not care to eliminate the appointment of Financial Adviser he would be willing for the secretary to pay the bankers and Ethelburga and apply the balance of the Canal money as he deemed best.

With reference to the objection raised by President Chamorro, in order that a solution of the difficulty may be reached if it entirely meets with approval of the Department, I would suggest that some such clause as the following be inserted in all the contracts:

If in case a budget deficit is incurred thus seriously threatening the economic life of the Government and impairing its credit with bondholders or other creditors the internal revenues shall be administered by the Fiscal Agent who shall pay from available customs revenues and from the excise revenues amounts not to exceed 125,000 dollars per month and all surplus excise revenues over this amount shall be retained by the Fiscal Agent for the purpose of paying the budget deficit and after that for the purposes of bond redemption in addition to other revenues pledged under these contracts.

Have not discussed above clause with President Chamorro as I am awaiting decision of Department.

JEFFERSON

File No. 817.51/923

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, April 20, 1917, 4 p. m.

Your March 21, 11 a. m., March 30, 4 p. m.^o and April 10, 5 p. m. have been carefully considered by the Department.

You may inform General Chamorro that after giving much thought to the matters taken up in various cablegrams exchanged between the Department and the Legation and between the Nicaraguan Legation in Washington and his Government, the Department decided to bring to the bankers' attention in a further conference the statements made by General Chamorro setting forth his position in regard to the appointment of a Financial Adviser.

As a result of this conference the Department, giving due consideration to General Chamorro's views, the political situation and local conditions confronting him, was able to secure from the bankers a

*Not printed.

tentative consent to renew their negotiations with the Ethelburga and to continue their cooperation in the plan made at the conference of December 18, 1916, which was outlined to the Legation in Department's December 22, 4 p. m.,⁷ upon the following conditions:

1. All revenues to be collected by the Collector General of Customs.
2. Government to receive from such revenues 75,000 dollars per month to meet its expenses, but present commission to be continued and to have power to approve additional expenditures whenever absolutely necessary, such additional expenditures, however, not to exceed 40,000 dollars per month.
3. Commission of three to have control over the expenditures (as part of budget) of such amount as would have been payable to the 1909 bonds under old arrangement.

The Department considers that this plan, which was the only one it was able to obtain from the bankers, meets all objections to the original plan which contemplated the appointment of a Financial Adviser, and should be immediately accepted by the Government of Nicaragua in view of the conditions at present prevailing due to the conflict with the Government of Germany, and in order that the original plan may be carried out without further delay, with as few changes as possible.

You will again remind General Chamorro that the motive which has actuated this Government in lending its good offices for the purpose of endeavoring to bring about a readjustment of the finances of Nicaragua, was entirely based upon its friendship for that country and a realization of the very serious internal and international difficulties which are confronting her and you will say that it is the confident hope of the Department that this suggestion will be immediately accepted in order that the bankers may proceed with their negotiations with the Council of Bondholders at once, for any further delay would be most detrimental to the best interests of Nicaragua.

LANSING

File No. 817.51/917

The Secretary of State to the Chargé d'Affaires of Nicaragua

No. 33

DEPARTMENT OF STATE,
Washington, April 24, 1917.

SIR: I have the honor to acknowledge the receipt of your note of March 24, by which you communicate to me a request of President Chamorro for my good offices, to the end that the Ethelburga contract be perfected as soon as possible and without making therein any reference to a Financial Adviser to be appointed by the Government of Nicaragua.

In reply I beg to inform you that General Chamorro's request is receiving the consideration of the Department.

Accept [etc.]

ROBERT LANSING

⁷For. Rel. 1916, p. 916

File No. 817.51/958

Minister Jefferson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,
Managua, May 25, 1917, 10 a. m.

Referring to the Department's May 23, 5 p. m.⁶ In view of the importance of this question I quote the full text of the agreement which Chamorro accepted and if it meets with approval of the Department please cable me immediately. Chamorro will submit it to his Congress at once which adjourns next week.

The National Bank of Nicaragua shall be the depository of all Government funds.

The Government of Nicaragua will administer and collect all internal revenues such as tobacco, liquors, powder, ammunition, *et cetera*, and agrees further to improve this service by the enactment of appropriate laws not later than January 1, 1918. The proceeds of same shall be deposited with the National Bank of Nicaragua monthly and accredited to a fund which will hereafter be called "budget fund".

No drafts or checks against the budget fund will be drawn unless signed by the Minister of Finance and which will be accepted by the manager of the National Bank of Nicaragua only when in strict conformity with provisions of the budget. The Minister of Finance before signature will require the production of original documentary evidence such as vouchers, pay-rolls, invoices, orders, etc., to verify whether it is a true and correct budgetary expense or under executive decree.

Before the opening of each regular session of the Congress of the Republic the Minister of Finance shall prepare a statement in detail of the probable receipts of the Republic for the ensuing fiscal year from all sources, of the amounts required during such fiscal year for the service of any outstanding Government loan and all other amounts payable under existing laws or outstanding contracts or engagements of the Republic or otherwise in any manner against such receipts and of the residue of Government receipts estimated to be available for appropriation by the Congress, it being agreed and understood that in no year will the aggregate of appropriations of the budget exclusive of debt service exceed 1,500,000 dollars or 125,000 dollars per month for the fiscal year except for the advancement of internal improvements as schools, etc., or, if at any time due to acts of God or disturbances of the public peace, unforeseen expenses are made necessary in the judgment of the President of the Republic and the Secretary of State of the United States such additional sums may be appropriated as they may agree upon for ordinary and extraordinary expenses and may be paid from the balance or the regular customs or other revenues. A budget statement so approved by the Minister of Finance shall be submitted through the President of the Republic to the National Congress at the beginning of its session and shall constitute the official estimate of receipts and fixed charges of the Republic for such fiscal year. Within ten days after the adjournment of the Congress the Minister of Finance shall prepare a statement of all appropriations regular and special which shall have been authorized and said appropriation accounts shall be kept by the National Bank of Nicaragua and whenever an account is exhausted no more checks or drafts will be honored on said appropriation nor can any money be transferred to another fund unless authorized by Congress.

The Minister of Finance and the manager of the National Bank shall cooperate in putting into effect a system of financial administration which shall secure economy in the use and expenditure of the public funds and a proper accounting to the President of Nicaragua of all moneys received and disbursed by the National Bank for the Republic and to this end the Minister of Finance shall aid the manager of the Bank in the laws governing all collections of monies.

Every Jefe de Deposito, or other receiving officer of the Government is absolutely prohibited under penalty of the law from disbursing funds in his possession for any purpose whatsoever unless by checks signed by the Minister of

⁶ Not printed.

Finance which will be accepted by the manager of the National Bank of Nicaragua only under the pretext of strict conformity with provisions of the budget or by direct telegraphic instructions.

A monthly report of all receipts and expenditures shall be made to the Minister of Finance by telegraph or mail or both within five days after the close of each month by the Treasurer-General, by each Jefe de Deposito de Especies Fiscales or other receiving officer and by the Director General de Rentas a copy of which shall be filed with the National Bank. The form of such report shall be prescribed by the Minister of Finance.

The manager of the National Bank of Nicaragua will have the control over the expenditures (as part of the budget) of such amount as would have been payable to the 1909 bonds under old agreements.

In order to carry out the provisions of this agreement the President of the Republic, the Minister of Finance and the manager of the National Bank of Nicaragua hereby agree and consent that in case any controversy, question, dispute or difficulty whatsoever arises regarding the interpretation or performance of this agreement such controversy, question, dispute or difficulty arising shall by either or all of these parties hereto be immediately referred to the Secretary of State of the United States for decision and award which when after such reference shall be and is hereby accepted by such parties as final and conclusive and shall with the terms and specifications thereof be at once recognized, adopted and faithfully executed by the Republic and the National Bank.

The customs revenues will continue to be collected by the Collector General of Customs in accordance with existing contracts. From the proceeds thereof the following monthly disposition will be made and in the following order: A. Expenses of administration and customs refunds. B. Arrears of interest on bonds of 1909, seven thousand eight hundred and seventy-five dollars. C. Amortization of unpaid Treasury bills, eight thousand three hundred and thirty-three dollars thirty-three cents. D. For the purpose of funding the internal debt of Nicaragua the Commission on Public Credit will certify to the amounts of bonds to be issued as well as the rates and sinking fund or amortization charges subject to the liens hereinbefore stated under previous and existing contracts.

In order to pay the monthly budget the Minister of Finance will from time to time issue checks which will be accepted by the manager of the National Bank of Nicaragua only when in strict conformity with provisions of the budget for the payment of military garrisons and the police and on the 25th of each month to the last date he will issue the budget for officials and employees and for other public services in accordance with the budget in force to which the bank will adhere strictly in the payment of said checks.

In order that the Government may properly pay the current budget whose minimum amount for salaries and expenses is calculated at one hundred thousand dollars monthly, disbursements or checks will first be drawn against the excise and other revenues referred to previously and any deficiency will be drawn from the surplus in customs revenues on checks signed by the Minister of Finance which will be accepted by the manager of the National Bank of Nicaragua only when in strict conformity with provisions of the budget.

The customs revenues will continue to be administered and collected in the form already established by the Treasury Bills Agreement of September 1, 1911, and the agreement with the Council of Foreign Bankers of May 5, 1912, until the obligations with the bankers, with the holders of the bonds of 1909, and with the holders of the consolidated internal bonds which it is proposed to issue are paid, redeemed or canceled, and in order to better guarantee the obligations for the payment of these credits as well as the punctual payment of interest.

The Republic may at any time pay part or all of the obligations enumerated in the preceding paragraph and redeem in case of such complete cancellation of these credits the customs as well as 49 per cent of the shares of the railroad and the Bank which are now pledged as guaranty for the Treasury Bills Agreement.

Whatever monthly surplus or annual surplus resulting from increases in the national revenues after first paying all the fixed charges for external and internal debt services as well as the administrative expenses under the budget previously referred to shall be applied and paid in the customary manner. Fifty per cent of such excess shall be paid monthly to redeem the certificates to be issued for the arrears on the 1909 bonds representing the 75 per cent which remains each month. Pertaining to this service 30 per cent will be used for the redemption of consolidated internal bonds and 20 per cent for the building of schools and roads.

JEFFERSON

File No. 817.51/969a

The Secretary of State to Minister Jefferson

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, June 21, 1917, 5 p. m.

The Department has fully considered and discussed at length with the interested parties, the plan for adjusting the indebtedness of the Government of Nicaragua which plan is set out in your telegram to the Department of May 25, 10 a. m. This plan has finally been accepted, provided it is modified to read as follows:

The depository of all Government funds shall be the National Bank of Nicaragua in accordance with its concession.

The Nicaraguan Government will administer and collect all internal revenues, such as liquors, tobacco, telegraph, telephone, post-office stamps, stamped paper, ammunition, powder, *et cetera*, and agrees, by the enactment of appropriate laws not later than January 1, 1918, to further improve this service. The proceeds of these internal revenues shall be deposited with the National Bank of Nicaragua each month and shall be credited to it to be disposed of as hereinafter stated, it being understood that the internal revenues above mentioned shall not be less than 65,000 dollars per month and that if during any three months' period they should aggregate less than 195,000 dollars the collection of such revenues will thereafter be made by the Collector General of Customs.

There shall first be paid from the customs revenues such amounts as may be agreed upon with the Council of Foreign Bondholders for the 1909 bonds, with the New York bankers for the unpaid balance of Treasury Bills, with Brown Brothers Company for the unpaid balance of their Emery claim and with any other creditors having a lien upon the customs; also the bankers' outlays for account of Nicaragua for cable charges, legal fees, *et cetera*, and when the exchange fund shall have been reopened, such amounts as may be required under the October 8, 1913 agreement between the Republic and the Bank for the replenishment of said fund when it shall fall below 100,000 dollars. Out of the balance of the total revenues from all sources, the Government may dispose monthly for extraordinary expenses, of 15,000 dollars, and for ordinary budget expenses, of an additional 75,000 dollars. If the Government should during any month require a sum in excess of said total of 90,000 dollars, it may draw further sums up to \$26,666.66, provided, however, all amounts drawn in excess of the first 90,000 dollars shall be approved by a committee of the members of the Nicaraguan Section of the International High Commission, and of the Permanent Nicaraguan Group of the International High Commission established during the Pan American Financial Conference in Washington in 1916. This committee shall consist of two persons, namely a member of the Nicaraguan Section of the International High Commission appointed by the Government of Nicaragua, and a member of the Permanent Nicaraguan Group of the Commission appointed by the United States, the first appointee to be Mr. Lindberg. There shall also be appointed from the same group, by the Secretary of State of the United States, a third person to act as umpire in case of disagreement between the two members above mentioned.

The Minister of Finance shall, before the opening of each regular session of Congress of Nicaragua, prepare a detailed statement of the probable receipts of the Republic for the ensuing fiscal year from every source, and of the amounts required during that fiscal year for the service of any outstanding Government loan and for all other amounts which are payable under the laws now in force or by engagements entered into by the Republic, or otherwise in any manner against her receipts. There shall be available for the budget the amounts already mentioned. Any revenues in excess of 1,400,000 dollars per annum, plus the amounts payable to the Council of Foreign Bondholders, to the New York bankers, to Brown Brothers on account of the Emery claim, and to other creditors having a lien upon the customs as hereinbefore stated, and to the National Bank for the replenishment of the exchange fund if required, as aforesaid, shall be disposed of as follows: 25 per cent of such excess for the redemption of certificates to be issued for arrears of interest in the 1909 bonds; another 25 per cent for the redemption of outstanding Treasury Bills, and after all Treasury Bills

have been retired to the liquidation of the amount due Brown Brothers and Company on the Emery claim; and the remaining 50 per cent shall be disposed of for the service of the internal bonds and such public works as may be found necessary after this bond service has been adequately taken care of, or for unforeseen expenses made necessary through acts of God, or disturbance of the public peace.

Upon approval by the Minister of Finance, the budget statement, to be prepared as aforesaid, shall be submitted to the National Congress, through the President of the Republic, at the beginning of that body's session, and it shall constitute the official estimate of receipts and fixed charges of the Republic for such fiscal year. The Congress shall not authorize expenditures beyond those contemplated herein. The Minister of Finance shall, within ten days following the adjournment of the Congress, prepare a statement of all the regular and special appropriations which shall have been authorized and shall file the same with the National Bank of Nicaragua.

Under penalty of law every "Jefe de Depósito" or other receiving officer of the Government of Nicaragua is absolutely prohibited from disbursing the funds in his possession for any purpose whatsoever unless by check signed by the Minister of Finance.

A monthly report by telegraph or mail, or both, shall be made, within five days after the end of each month, of all receipts and expenditures, to the Minister of Finance by the Treasurer General, by each "Jefe de Depósito de Especies Fiscales" or other receiving officers or by the "Dirección General de Rentas." The form of this shall be prescribed by the Minister of Finance.

The Collector General will continue to collect the customs revenues in accordance with existing contracts. The following monthly disposition will be made of the same, in the order given:

- (a) Expenses of administration and collection of customs.
- (b) Amounts payable out of customs to the 1909 bondholders in accordance with such agreement as may be made with the Council of Foreign Bondholders;
- (c) Past and future outlays of the bankers for account of Nicaragua for cable charges, legal fees, *et cetera*.
- (d) When the exchange fund (now closed under Article 5, Section 6 of the agreement between the Republic and the National Bank, dated December 2, 1914) shall have been reopened, such amounts as may be required for the protection of the exchange fund under the existing provisions of the agreement between the Republic and the National Bank dated October 8, 1913.
- (e) Amounts payable out of customs to the holders of the Treasury Bills in accordance with such contracts as may be made with them;
- (f) Amounts payable out of customs to Brown Brothers and Company on account of the Emery claim in accordance with such agreements as may be made with them.
- (g) The balance shall be disposed of as part of the budget in accordance with the provisions hereinbefore contained.

The administration and collection of the customs revenues will continue in the form already established by the Treasury Bills Agreement of September 1, 1911, and the agreement with the Council of Foreign Bondholders of May 5, 1912, until the payment, redemption or cancellation of the obligations with the bankers, with the holders of the 1909 bonds, with the owners of the Emery claim, and with the holders of the consolidated internal bonds which it is proposed to issue; and also for the better guaranty of the obligations for the payment of these credits and the punctual payment of interest.

At any time the Republic may pay part or all of its obligations such as are set forth in the preceding paragraph and in case of such complete cancellation of these credits may redeem the customs as well as 49 per cent of the shares of the railroad and the bank, now pledged as a guaranty for the Treasury Bills Agreement.

It is agreed that in case of any controversy, question, dispute or difficulty whatsoever arising regarding the interpretation or performance of this agreement any such controversy, question, dispute or difficulty, shall by either or all of the parties hereto be immediately referred to the Secretary of State of the United States for decision and award, and after such reference this shall be and is hereby accepted by such parties as conclusive and final, and shall be recognized at once, with the terms and specifications thereof.

File No. 817.51/969b

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, June 21, 1917, 6 p. m.

A plan for the adjustment of the financial difficulties of Nicaragua is being cabled you. Contemporaneously with presenting this plan to General Chamorro, you will communicate to him the following message from the Secretary of State:

The Government of the United States after earnest and patient efforts has induced the secured creditors of Nicaragua to accept a plan for the gradual liquidation of their indebtedness which will afford Nicaragua an opportunity to improve its financial and economic status, and which will leave it certain funds immediately available wherewith to effect a settlement with its other creditors.

A statement of this plan will be presented to General Chamorro contemporaneously herewith. General Chamorro will note that this plan is substantially that already discussed between him and Minister Jefferson, and that it is wholly consistent with the sovereignty and dignity of Nicaragua. Among the immediate and substantial concrete benefits which will result to Nicaragua from the adoption of this plan may be noted the following: (figures only approximated).

(1) The 1909 bondholders have a lien upon the custom receipts of Nicaragua. The plan will relieve Nicaragua from the obligation to pay to these bondholders during the next three years the full annual interest amounting to 286,395 dollars, which, with a sinking fund of 60,000 dollars makes a total annual payment of 346,395 dollars. In lieu of such payments Nicaragua will pay during 1917 only 84,487 dollars; during 1918 only 110,835 dollars; and during 1919 only 136,323 dollars. This three years' respite should enable Nicaragua so to revivify her financial and economic life that at the end of this period she will be able to meet in full her obligations to these 1909 bondholders.

(2) The New York Bankers under existing agreements, are entitled to exact out of the Treaty moneys payment of the entire principal and interest owing on their Treasury Bills. Under the proposed plan these bankers will allow one-half of the principal of said bills, namely, 500,000 dollars to remain outstanding at the present rate of interest of 6 per centum per annum such balance to be paid only out of the 25 per cent excess income mentioned in the plan. Thus Nicaragua avoids the necessity of the immediate payment of 500,000 dollars, and is permitted to pay this amount gradually after her other necessities have been met.

(3) Under the existing protocol between the United States and Nicaragua, Brown Brothers as part owners of the Emery claim are entitled to exact the immediate payment of over 600,000 dollars. The owners of this claim are willing to accept on account of the above sum less than 400,000 dollars in cash, the balance to be paid gradually by Nicaragua after the Treasury Bills have been completely retired with the understanding that the amount still due on the Emery claim will be secured by a second lien upon the security fixed by the Treasury Bills Agreement, and that the unpaid balance thereof will ultimately be retired through the application of the 25 per cent surplus of receipts.

(4) After the pressing secured indebtedness of Nicaragua has been adjusted, as indicated above, the balance of the Canal funds as well as amounts now held in Nicaragua by the Collector General of Customs for the account of the 1909 bondholders will be free to be applied to the liquidation of National Bank indebtedness and the awards of the Mixed Claims Commission and to other claims as passed upon by the Public Debt Commission now in operation. The disposition, above mentioned, of the pressing claims of Nicaragua and the stabilization of collections and expenditures of revenue should permit of giving a real and market value to such internal bonds as may be issued for the purpose of funding the remaining obligations of the Government.

In general it may be said that the plan should assure the economic stability of Nicaragua, and should enable it hereafter to obtain credits for the development of its resources, and for the carrying out of public works.

The Government of the United States hopes and indeed expects that the plan above referred to will be heartily accepted by the Government of Nicaragua, and takes this occasion to felicitate General Chamorro upon the opportunity

which is presented to him to inaugurate and carry out a constructive program, the benefits of which to the people of Nicaragua will unquestionably become increasingly notable with the passage of time.

LANSING

File No. 817.51/973

Minister Jefferson to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Managua, July 4, 1917, 9 a. m.

Department's June 21, 5 p. m. The Nicaraguan Government accepts the plan of the Department with the following recommendations:

1. Elimination of clause with reference to the National Congress.
2. With reference to the Emery claim, that Brown Brothers agree not to collect interest and that the Government of Nicaragua will pay on account 300,000 dollars. The balance, or 250,000 dollars, they will commence to pay as per plan, that is, when the Treasury bills have been paid.
3. The secured debt, that is, the 1909 bonds and the Treasury bills, will be paid as per plan. With reference to the other debts, for example, loan from National Bank, interior loans, mixed claims, and all the other credits forming the internal debt will be liquidated or paid according to awards of the Commission Public Credit now in operation.
4. Of the three items which the plan details for the administrative budget to increase the item of 75,000 dollars shall be increased to 80,000 dollars so that the monthly total for expenses of the budget will be \$121,666.66.
5. In case the internal revenues fall below 65,000 dollars per month for three consecutive months the Government will make a new contract with the 1909 bondholders and the bankers for the purpose of increasing or bettering these revenues.
6. Beginning with and including the current year the proceeds from the direct [tax?] on capital are to be applied to the debt service for the proposed internal bonds as well as a twelve and a half per cent surcharge on the import duties.

My observations and recommendations concerning amendments offered:

1. "The Congress shall not authorize expenditures beyond those contemplated therein." In lieu of "The Congress shall" insert "The Government of Nicaragua agrees that it will, etc." This will obviate objections raised by the Congress and Cabinet regarding violation of constitutional powers of the Congress.
2. Regarding Emery claim the Credit Commission is endeavoring to disallow interest wherever possible. Many creditors voluntarily have agreed to waive interest. For above reason Chamorro informed me that he had submitted this plan which he believes would be acceptable to the bankers.
3. Regarding the proposal for the equal payment of claims the National Bank debt need not be included in this arrangement if the bankers object.
4. The increase of 5,000 dollars I believe should be allowed. The slaughter tax has been doubled and will therefore increase the results sufficiently to cover that amount.
5. In order to prevent delay and possibly future controversies I would suggest that the amount be made 60,000 dollars instead of 65,000 dollars provided that the Department's plan in this particular is accepted.
6. I do not consider this point objectionable.

If above suggestions meet the Department's approval I believe this matter can be promptly settled.

JEFFERSON

File No. 817.51/975

AMERICAN LEGATION,
Managua, July 11, 1917, 2 p. m.

President Chamorro called me to his office this morning and asked me to request urgently that the Department so arrange it that he shall receive out of the first payment at least 250,000 dollars to make up balance of 500,000 dollars to pay back salaries in accordance with his request in my January 12, 4 p. m. as the Congress and employees of the Government have patiently waited to be paid and he feels it his bounden duty to see to it that they receive their money.

He also [apparent omission] that the Department please advise him as soon as possible as to this matter and also regarding his counter proposition to plan of the Department as he desires to adjourn Congress as soon as possible since its protracted session is adding very much to the expense of the Government.

JEFFERSON

File No. 817.51/973

The Acting Secretary of State to Minister Jefferson

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, July 12, 1917, 7 p. m.

Your telegram July 4, 9 a. m. The recommendation numbered one is agreed to and the plan may read: "The Government of Nicaragua agrees that it will, *et cetera*," in lieu of, "The Congress shall."

Recommendation numbered three is agreed to, except that bankers desire National Bank debt to be paid and not dealt with as internal debt mentioned in this recommendation three and that treatment of Emery claim is left for future determination.

Recommendation numbered four is agreed to, and item of 75,000 dollars may be increased to 80,000 dollars.

Recommendation numbered five cannot be accepted in precise form submitted, but that portion of the plan relating to internal revenues may be modified to read as follows:

It being understood that the internal revenues above mentioned shall not be less than 60,000 dollars per month, and that if during any three months period they should aggregate less than 180,000 dollars the collection of such revenues will thereafter be made by the Collector General of Customs, unless the 1909 bondholders and the holders of Treasury bills agree to accept some other method for increasing or bettering these revenues.

Recommendations numbered two and six cannot be acted on immediately, but neither of the matters therein discussed are dealt within, or necessarily form a part of, the plan embodied in the Department's telegram of June 21, 5 p. m., and in the Department's opinion this plan as modified in accordance with the foregoing can now be finally accepted and a formal contract drawn up for execution with the interested parties.

In respect of recommendation numbered six the bankers agree at once that at least fifty per cent of the direct tax on capital may be applied to the service of proposed internal bonds. In regard to the balance of the direct tax and the suggested surcharge on imports no decision can be given until after careful consideration of the economic effects thereof.

POLK

File No. 817.51/975

The Acting Secretary of State to Minister Jefferson.

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, July 18, 1917, 7 p. m.

Your telegram July 16, 11 a. m. The Department is very desirous that the plan embodied in the Department's cable of June 21, 5 p. m. be promptly adopted and a contract actually signed, and in order to prevent delay the Department is urging upon the bankers and urges upon the Government of Nicaragua that controversial matters not absolutely essential to the plan be held open and not permitted to delay the inauguration of the plan. For this reason, Department in its telegram of July 12, 1917, recommends that matter of interest on Emery claim and details of imposition of surtax on imports be eliminated from the formal contract to be executed.

The contract will of course, as indicated by the plan of June 21, 5 p. m. have to refer to the Emery claim in the paragraphs dealing with the application of custom revenues and the budget. Yet such reference may be in general terms as "amounts payable on account of so much of Emery claim as shall not be otherwise provided for".

POLK

File No. 817.51/975

The Acting Secretary of State to Minister Jefferson

[Telegrams]

DEPARTMENT OF STATE,
Washington, July 19, 1917, 4 p. m.

Your telegram, July 11, 2 p. m. You may inform President Chamorro that the Department is disposed to consider favorably the payment to the Government of Nicaragua for back salaries of 250,000 dollars, provided the outstanding financial matters are satisfactorily adjusted and provided such payment can be made after making the payments contemplated by the plan now under consideration and after setting aside out of the Treaty money of an adequate sum applicable to payment of awards of Mixed Claims Commission and of Credit Commission.

The Department feels that the sum which should be reserved for application to awards of commissions should not be less than 1,000,000 dollars. Please cable your views in this respect.

The Department understands that in accordance with plan submitted, the following sums will be first payable from accumulated customs and Treaty fund (interest is estimated to August 1 and amounts given are approximate only):

(1) Interest on and one-half principal of Treasury bills, say 752,000 dollars;

(2) Back Ethelburga interest and sinking fund, say 990,000 dollars;

(3) Interest on and one-half principal of Emery claim, say 490,000 dollars (this assumes all owners of Emery claim will accept same treatment as Brown Brothers, namely defer payment of one-half principal).

(4) The National Bank loan, principal and interest, say 107,000 dollars.

This amount totals 2,339,000 dollars.

The Department understands accumulated customs on May 1 last were 637,000 dollars and this, with balance of Treaty money, aggregates 3,387,000 dollars, and after the deduction of the payments above specified and 1,000,000 dollars for Commission awards, there is left a balance of 48,000 dollars, which sum should be substantially increased by additions to the customs fund since May 1.

If the foregoing estimates are in accord with your understanding, you may unofficially and informally use them in pointing out to General Chamorro that there will probably be a substantial fund, approximating 200,000 dollars available after making the payments contemplated by the pending plan.

POLK

File No. 817.51/980

DEPARTMENT OF STATE,
Washington, July 25, 1917, 7 p. m.

Your telegram July 21, 5 p. m.⁶ Item three of Department's July 19, 4 p. m. represents one-half principal of Emery claim, namely 275,000 dollars and interest at 5 per cent compounded annually on 50,000 dollars from December 18, 1909, on 50,000 dollars from March 18, 1910, and on 450,000 dollars from September 18, 1910. Such items of interest aggregating over 215,000 dollars. Bankers now agree to waive compounding of interest which will reduce interest item to about 193,000 dollars.

POLK

File No. 817.51/989

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, August 1, 1917, 11 a. m.

Yesterday afternoon extraordinary session of Congress reassembled. Plan will be presented to-day.

In this connection Chamorro informed me this morning that he would ask Congress to accept plan with amendment that either interest on Emery claim be waived or claim be submitted to Commission Public Credit.

JEFFERSON

⁶Not printed.

File No. 817.51/989b

The Acting Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, August 2, 1917, 5 p. m.

You will please inform President Chamorro that the Secretary of State will be prepared to approve the payment to the Government of Nicaragua for back salaries of a sum between 200,000 dollars and 250,000 dollars immediately upon the pending financial plan being favorably acted upon by the Nicaraguan Congress, and being adopted in legally binding form.

You will informally state to President Chamorro in connection with the foregoing that it was found impracticable to make any payment out of the Treaty fund to the Government of Nicaragua prior to the final adoption of the financial plan, as certain creditors of Nicaragua are claiming that a statute of the United States makes it unlawful for the Government of the United States to pay money to Nicaragua while their debts are still unsatisfied. These creditors, so Department is informed, will, however, withdraw their contentions under the statute as soon as the plan is finally made effective. The precise amount which the Secretary of State will pay to the Government of Nicaragua for back salaries will depend on the date when the financial plan becomes effective, and to which interest must be computed, and will also depend on whether the National Bank debt is reduced through the sale by Nicaragua of its stock in this bank, or through an application of the Treaty money.

POLK

File No. 817.51/990

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, August 8, 1917, 10 a. m.

Department's July 31, 7 p. m. The Finance Committee of Nicaraguan Congress will report to Congress to-day for its consideration plan of Department in the form of decree.

Article one of the decree authorizes the Executive to change such contracts as may be necessary with the bankers and foreign bondholders in conformity with basis of plan.

Chamorro informed me that he would appoint as the representative of the Nicaraguan Government Ramón Enríquez, Acting Consul at New Orleans, who will proceed to Washington within a few days for the purpose of participating in the execution of a formal contract between the interested parties.

Immediately after the final passage of the plan by the Congress I shall report fully as to its status.

JEFFERSON

File No. 817.51/989

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, August 9, 1917, 4 p. m.

Your August 1, 11 a. m. Department is convinced that the financial plan will fail totally if the Government of Nicaragua insists that the so-called "Emery claim" be treated as indicated. There is, properly speaking, no longer any such claim. There exists only a protocol to which the Governments of Nicaragua and the United States are the sole parties. This protocol has already been carried out in part but certain definite payments remain to be made by Nicaragua to the United States. The Department does not understand that Nicaragua can now desire to go behind this protocol thereby assuming that this formal and carefully considered instrument was improperly or inadvisedly entered into by the two Governments.

The Department has sought to induce those who would benefit by the payments under the protocol to waive interest. It has, however, been exceedingly difficult to secure any concessions from these parties since they rely on the fact that the protocol provides for payments to the United States itself and there exists the Federal Statute referred to in Department's cable of August 2, 5 p. m., which they construe as prohibiting the Treasurer of the United States from making any payments to one who is a debtor of the United States without first deducting the amount of such indebtedness. This they believe insures the prompt payment of the entire principal and interest of the protocol payments out of the Treaty fund. The utmost concession which the Department has been able to obtain is the waiving of the compounding of interest and deferring the payment of fifty per cent of the principal. These concessions however, the Department regards as very substantial.

The Comptroller of the Treasury Department is inclined to accept the above-mentioned construction of the Federal Statute and unless the sum due under the protocol is paid in a manner satisfactory to the interested parties it is highly improbable that the Treasury Department will permit of any further payments from the Treaty fund for back salaries or other purposes until the sum due under the protocol is paid in full.

You will informally utilize the foregoing information to make clear to President Chamorro the attitude of the Department of State and you will point out to him that insistence on further concession from those interested in the Emery protocol will doubtless result in a complete failure of the financial plan and the consequent deduction of the Emery protocol payments in full with interest from the Treaty funds.

LANSING

File No. 817.51/992

Minister Jefferson to the Secretary of State

[Telegram—Extract]

AMERICAN LEGATION,

Managua, August 18, 1917, 11 a. m.

The Department's August 16, 6 p. m.⁶ Financial plan should pass not later than next Wednesday. I have been insisting upon it being passed without modification. However amendments have been offered by Chamorro and Congress most important of which are as follows:

In case that no agreement is reached between the bankers and Nicaraguan Government in conformity with Paragraph F of plan concerning Emery claim then it will be submitted to the Credit Commission for judgment, final decision and award.

In case the internal revenues, etc., should be placed in the hands of the Collector General of Customs this employee of the Government will be compelled to give an additional bond of 20,000 dollars, which shall be satisfactory to the Government making the Collector General responsible for all his acts and subjecting him to the rights and obligations of the fiscal laws of the Republic.

In brief this means that he will have to submit his accounts to the Tribunal of Accounts.

Chamorro is contemplating inserting provision for local school tax to pay expenses of common and agricultural schools. The school boards will collect and pay out these funds.

If above amendments pass I would suggest that Department proceed to have bankers execute a formal contract with the representatives of the Nicaraguan Government and insist upon general principles outlined in Department's plan being complied with. After it is signed it should be immediately cabled here for ratification by the Congress.

JEFFERSON

File No. 817.51/896

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Managua, September 1, 1917, 3 p. m.

Nicaraguan Congress in extraordinary session after over a month of discussion of financial plan approved it with some modifications and enacted it into law. The Executive is authorized with power to execute formal contracts with the interested parties in conformity with the bases of the plan which are sufficiently broad so that no question can arise after the formal contracts are signed on behalf of the Nicaraguan Government by its agent Ramón Enriquez. Therefore it will only be necessary if the bankers so desire to later have the contracts ratified by the Congress.

In the paragraph after word "power" in lieu of "etc., etc." insert "According to the catalogue of fiscal accounts." Not listed in catalogue are property, local school and forestry taxes. National Bank now collects property tax as guaranty of 500,000 dollars loan of which 236,000 dollars have been paid to June 30. School and forestry taxes will be used for school and agricultural purposes and collected and expended local school boards.

⁶Not printed.

Also in the first paragraph is following change in phraseology: "If during a period of three consecutive months the revenues are less than 180,000 dollars it is understood to mean that the three months referred to will begin from the first month which falls short of the 60,000 dollars except in case of unforeseen circumstances and *force majeure*."

In second paragraph insert after "legal fees, etc." "Approved by the Government".

In Subsection C insert after "legal fees," etc. "Properly vouchered".

With reference to most important addition to plan see my August 18, 11 a. m., second and third paragraphs. Other slight additions to text do not change intent of law.

Copy of the law will be forwarded by first mail.

I wish to report the amount of customs receipts retained will approximate about 1,000,000 dollars by September 16.

JEFFERSON

File No. 817.51/1004

Minister Jefferson to the Secretary of State

No. 410

AMERICAN LEGATION,
Managua, September 4, 1917.

SIR: Supplementing my cablegram of August 23, 12 noon,^a to the Department, I have the honor to transmit herewith for the information and files of the Department a copy and translation of the Foreign Office note of August 22 last, in which I am requested to inform the Department that Señor Don Ramón Enríquez, Nicaraguan Consul General at New Orleans, had been appointed by the Executive to represent the Government of the Republic in drawing up the financial contracts with the interested parties. I also am enclosing copy of my F. O. No. 214 of August 23 in reply thereto.⁶

I have [etc.]

BENJAMIN L. JEFFERSON.

[Inclosure--Translation]

The Subsecretary in charge of Foreign Office to Minister Jefferson

No. 241

NATIONAL PALACE,
Managua, August 22, 1917.

MR. MINISTER: I have the honor to inform your excellency that on the date of the 13th instant the Executive Power authorized by cable our Consul General at New Orleans, Señor Don Ramón Enríquez, to represent the Government of Nicaragua in the arrangements which the Republic has pending with the Foreign Bondholders of 1909, with the bankers Brown Brothers & Co. and J. W. Seligman & Co. of New York with reference to the Treasury Bills Agreement, with the same bankers with respect to the amortization of the Emery claim and with the National Bank of Nicaragua regarding its credits against the State. Said Señor Enríquez was duly informed that he should always consult concerning these matters the opinion of the Department of State of the United States of North America, as was stipulated in the Bryan-Chamorro Treaty of August 5, 1914.

Begging your excellency that you may be pleased to transmit this information to your illustrious Government, I herewith express to you in advance my many thanks and sign myself [etc.]

ARTURO ARANA M.

^aNot printed.

File No. 817.51/1006

Minister Jefferson to the Secretary of State

[Extract]

No. 412

AMERICAN LEGATION,
Managua, September 5, 1917.

SIR: I have the honor to report that the Nicaraguan National Congress on the 29th of August enacted into law the financial plan, as proposed by the Department of State, with modifications as reported by me in my cablegrams to the Department of August 18, 11 a. m., September 1, 3 p. m. and September 3, 6 p. m. The said law was duly signed by President Chamorro and the Minister of Finance, August 31, 1917, and, as provided by law, was published in *La Gaceta*, the official publication of the Government, Saturday, September 1, 1917. Copies and translations of the law are herewith appended.

In commenting further upon the question of the tax on capital, taxes for local school purposes and the forestry tax, these items were purposely left out of the law by Chamorro and the Congress. Of the \$500,000 now in circulation under agreement and in accordance with the capital tax law enacted in 1915, up to June 30 last the amount collected and retired by the Bank is \$236,000. No provision is made in the law for the specific application of this tax after the agreement with the Bank is fulfilled. However, it may be that the Nicaraguan Government will request the Bank to continue to leave part or all of the \$500,000 in circulation, since apparently there is a shortage of circulation of the córdoba. The additional emission of that amount did not affect the exchange.

With further reference to the school and forestry taxes which will probably amount to \$70,000 per annum, these will be collected by the Nicaraguan Government, but Chamorro informed me that the local school board will expend the school tax. This of course then will not be included in the budget. The Central Government will expend the forestry tax for agricultural school purposes. I notice only \$10,000 is provided for in the budget for the Agricultural School. Of course this means that in the future the Government will, in addition to the amount allowed by the budget, expend the taxes to be received from these two sources.

I hope that some agreement may have been reached and a formal contract signed between the interested parties before this despatch reaches the Department. Conditions here have somewhat improved and I believe that they will be better after the financial question is settled.

I have [etc.]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

MANAGUA, *September 1, 1917.*

The President of the Republic, to his people, Know: That the Congress has enacted the following: Decree No. 3.

The Senate and Chamber of Deputies of the Republic of Nicaragua, Decree:

Article 1. The Executive Power is authorized to celebrate the contracts which may be necessary with the Foreign Bondholders of 1909, with the bankers Brown Brothers & Co. and J. W. Seligman & Co., with regard to the Treasury bills

Agreement, with the same bankers with respect to the amortization of the Emery claim, and with the National Bank of Nicaragua for its credits against the State, all in conformity with the following bases:

The National Bank of Nicaragua shall be the depository of all Government revenues, in accordance with its concession. The Nicaraguan Government will administer and collect all internal revenues, such as of liquors, tobacco, slaughter tax, stamped paper, stamps, powder, lead, cartridges, post offices, telegraphs, telephones and all those in force in accordance with the catalogue of fiscal accounts, and agrees to enact appropriate laws before January 1, 1918, to improve and better this service. The proceeds of these internal revenues shall be deposited with the National Bank of Nicaragua each month, and shall be placed to the credit of the Government to be disposed of as hereinafter stipulated, it being understood that the internal revenues above mentioned shall not be less than 60,000 dollars per month, and that if during a period of three consecutive months they amount to less than 180,000 dollars, except in case of unforeseen circumstances and *force majeure*, the collection of such revenues will be made by the Collector General of Customs, unless the 1909 bondholders and the holders of Treasury bills agree to accept some other method for increasing or bettering these revenues. It is understood that the three months referred to shall begin to be counted from that one in which the internal revenues do not produce the 60,000 dollars, before stipulated.

There shall first be paid from the customs revenues such amounts as may be agreed upon with the Council of Foreign Bondholders for the 1909 bonds, with the New York bankers for the unpaid balance of Treasury Bills, Brown Brothers & Co. for the unpaid balance of the Emery claim, and with any other creditor having a lien upon the customs, also the bankers' outlays for account of Nicaragua for cable charges, legal fees, etc., etc., duly approved by the Government. When the Exchange fund is reopened and that fund falls below 100,000 dollars, there shall also be taken the amounts which may be necessary for the maintenance of said fund in conformity with the Agreement of October 8, 1913 celebrated between the Republic and the Bank. Out of the balance of the total revenues from all sources the Government may dispose of 15,000 dollars monthly for extraordinary or unforeseen expenses and of 80,000 dollars for ordinary budget expenses. If the Government should require a sum in excess of said total of 95,000 dollars, it may draw monthly up to the sum of 26,666 dollars and 66 cents (\$26,666.66), provided that all amounts drawn in excess of the first 95,000 dollars shall be approved by a committee of the members of the Nicaraguan Section of the International High Commission established during the Pan American Financial Conference in Washington in 1916. This committee shall consist of two persons, namely: a Nicaraguan citizen, member of the Nicaraguan Section of the International High Commission, appointed by the Government of Nicaragua, and a member of the Permanent Nicaraguan Group of the Commission, appointed by the Government of the United States of North America. There shall also be appointed from the same Group by the Secretary of State of the United States a third person to act as umpire in case of disagreement between the two members above mentioned.

The Minister of Finance shall before the opening of each regular session of the Congress of Nicaragua prepare a detailed statement of the probable receipts of the Republic for the ensuing fiscal year from every source, and of the amounts required during that fiscal year for the service of any outstanding Government loan and for all other amounts which are payable under the laws now in force, or by obligation of the Republic, or which in any other manner are obligations to be paid out of her receipts. There shall be available for the budget the amounts already mentioned. Any revenues in excess of 1,460,000 dollars per annum, plus the amounts payable to the Council of Foreign Bondholders, to the New York bankers, to Brown Brothers on account of the Emery claim, and to any other creditor having a lien upon the customs, as hereinbefore stated, and to the National Bank for the replenishment of the Exchange fund, as aforesaid, shall be disposed of as follows: 25% (twenty-five per cent) of such excess for the redemption of certificates to be issued for arrears of interest in the 1909 bonds; another 25% (twenty-five per cent) for the redemption of outstanding Treasury bills, and when these have been retired, for the liquidation of the amount which is due Brown Brothers & Co. on the Emery claim; and the remaining 50% (fifty per cent) shall be disposed of for the service of the Internal Bonds, and for such public works as may be found necessary, after this bond service has been adequately taken care of, or for unforeseen expenses made necessary through acts of God or disturbance of the public peace, upon approval by the Minister of

Finance. The budget to be prepared, as aforesaid, shall be submitted to the National Congress through the President of the Republic at the beginning of that body's session, and it shall constitute the official estimate of receipts and fixed charges of the Republic for such fiscal year. The Government of Nicaragua agrees that it will not authorize expenditures beyond those contemplated herein. The Minister of Finance shall, within ten days following the adjournment of the Congress, prepare a statement of all the regular and special appropriations which shall have been duly authorized and shall file the same with the National Bank of Nicaragua.

Under penalty of law every "Jefe de Depósito" or other receiving officer of the Government of Nicaragua is absolutely prohibited from disbursing the funds in his possession for any purpose whatsoever, unless by check signed by the Minister of Finance. Within five days after the end of each month the Treasurer General, the Director General de Rentas, all the "Jefes de Depósitos de Especies Fiscales" or other receiving officers must send a monthly report by telegraph or mail, or both, of all receipts and expenditures to the Minister of Finance. The form of this report shall be prescribed by the Minister of Finance.

The Collector General will continue to collect the customs revenues, in accordance with existing contracts. The revenues will be disposed of monthly in the following form and order:

- (a) Expenses of administration and collection of customs.
- (b) Amounts payable out of the customs to the 1909 bondholders, in accordance with the agreement which may be made with the Council of Foreign Bondholders.
- (c) Past and future outlays of the bankers for account of Nicaragua for cable charges, legal fees, etc., etc., duly justified.
- (d) When the Exchange fund, closed under Article 5, Section 6, of the agreement between the Republic and the National Bank, dated December 2, 1914, shall have been reopened, such amounts as may be required for the protection of the Exchange fund under the existing provisions of the agreement between the Republic and the National Bank, dated October 8, 1913.
- (e) Amounts payable out of customs to the holders of the Treasury bills, in accordance with such contracts as may be made with them.
- (f) Amounts payable out of customs to Brown Brothers & Co. on account of the Emery claim, in accordance with such agreements as may be made with them.
- (g) The balance shall be disposed of as part of the budget, in accordance with the provisions hereinbefore contained. With reference to the other debts, for example interior loans, mixed claims, and all the other credits forming the internal debt, they will be liquidated and paid according to awards of the Commission on Public Credit now in operation. The administration and collection of the customs revenues will continue in the form already established by the Treasury Bills Agreement of September, 1911, and the agreement with the Council of Foreign Bondholders of May 5, 1912, until the payment, redemption or cancellation of the obligations with the bankers, with the holders of the 1909 Bonds, with the owners of the Emery claim and with the holders of the consolidated internal bonds, which it is proposed to issue, and also for the better guaranty of the obligations for the payment of the credits and the punctual payment of interest.

At any time the Republic may pay or provide for the payment of part or all of its obligations, such as are set forth in the preceding paragraph; and in case of such complete cancellation of these credits it may redeem the customs, as well as 49% (forty-nine per cent) of the shares of the railroad and the bank now pledged as a guaranty for the Treasury Bills Agreement. It is agreed that in case of any controversy, question, dispute or difficulty whatsoever, arising regarding the interpretation or performance of this agreement, such controversy, question, dispute or difficulty shall be immediately referred to the Secretary of State of the United States for decision and award, and this shall be and is hereby accepted by the parties, as conclusive and final, and shall be recognized at once with the terms of said decision.

In case that an agreement cannot be reached, in conformity with that provided for in clause (f) of the preceding paragraph, between the Government and the bankers with respect to the Emery debt, it is expressly agreed that it will be submitted to the judgment of the Commission on Public Credit, to be paid according to the decision of said Commission. In case that the collection of internal revenues should pass to the hands of the Collector General of Customs, this employee of the Republic must furnish bond, if agreeable to the Government, to the additional amount of 20,000 dollars, in favor of the Republic.

The bond must be subject to the satisfaction of the Republic, said Collector being subject to the fiscal laws of the Republic, in every case, in all his duties, responsibilities, rights and obligations.

Article 2. The present law shall become effective from its publication in *La Gaceta*.

Done in the Hall of Sessions of the Chamber of Deputies. Managua, August 14, 1917. Salvador Chamorro, D. P. J. Bárcenas Meneses, D. S. Fernando Ig. Martínez, D. S.

To the Executive Power. Chamber of the Senate. Managua, August 29, 1917. H. Jarquín, S. V. P. Sebastián Uriza, S. S. Juan J. Ruiz, S. S.

Therefore, be it executed. Casa Presidencial. Managua, August 31, 1917. Emiliano Chamorro. The Minister of Finance and Public Credit, Octaviano César.

File No. 817.51/1001

Minister Jefferson to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
Managua, September 12, 1917, 3 p. m.

Minister for Foreign Affairs officially communicates to me to-day the Executive Decree of September 5, 1917 in which the President of the Republic, in conformity with the Act of Nicaraguan Congress of August 31, 1917, decrees

to appoint Ramon Enriquez to represent the Republic of Nicaragua, with full power and authority, in order that he may exercise all and any of the powers which by the law of August 31 last are conferred upon the Executive, and to sign and execute, in representation of the Republic, all and any of the contracts referring to this matter which Senor Enriquez may consider necessary.

Referring to the Department's September 2 [1], 4 p. m.⁶ regarding request of Chamorro for payment of back salaries, now that Congress has passed the plan in legal form I suggest 50,000 dollars be allowed for back salaries.

JEFFERSON

File No. 817.51/1002

AMERICAN LEGATION,
Managua, September 18, 1917, 3 p. m.

The Department's September 12, 5 p. m.⁶ In addition to note of Minister for Foreign Affairs reported in my September 12, 3 p. m., authorizing Enriquez to represent Nicaragua, I have obtained and have in my possession in legal form power of attorney authorizing him to arrange and conclude agreements with the bankers. Will forward this document by first pouch.

JEFFERSON

File No. 817.51/1011

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, October 5, 1917.

MOST EXCELLENT MR. SECRETARY OF STATE: I have the honor to inform you that I have received instructions from General Chamorro, President of Nicaragua, to apply to your excellency's Government

⁶Not printed,

for the immediate payment of the sum of twenty-five thousand dollars on account of the proceeds of the Canal Treaty between Nicaragua and the United States, which proceeds are now deposited in this country to your excellency's order. I therefore beg your excellency to deign to direct appropriate measures for the earliest possible payment of the said sum of twenty-five thousand dollars which shall be applied to the payment of arrears of salaries due to members of the Congress of Nicaragua, as agreed upon by the two Governments.

I thank you in advance and avail myself of the opportunity [etc.]

R. ENRÍQUEZ

File No. 817.51/1013a

The Secretary of State to Minister Jefferson

[Telegram—Extract]

DEPARTMENT OF STATE,
Washington, October 6, 1917.

Bankers have now presented final draft of financial plan for approval State Department which is studying matter.

State Department at request of Nicaraguan Chargé d'Affaires used its good offices with owners Emery claim in endeavor to obtain from them waiving or reduction of their interest. This owners of claim state they are unwilling to do. Government of United States in view of statements contained in its August 9, 4 p. m., feels that matter must be considered closed as any further efforts on its part in this direction might jeopardize whole plan. It has been suggested however, that the payment to be made out of the Treaty funds to the Emery claimants, as provided for in financial plan, be called payment on account of principal and that the remainder of the principal and interest be paid through means of deferred Treasury bills referred to in plan. This would obviate criticism that interest on this claim was paid directly from Treaty funds.

British Embassy has presented memorandum protesting against preferential treatment being given to Emery claim and stating that their claim, known as Legation claim, was decided by protocol between the two Governments, and therefore in same class as Emery claim.

Please cable Department what negotiations have taken place between British Minister and Nicaraguan Government and also inform Department what other foreign nations have made protests or have stated that they consider their claims to be in same category as Emery claim.

British Embassy further state that they do not consider internal bonds furnish good security and that further guaranties are necessary.

You are instructed to discuss question of further guaranty with Nicaraguan Government and suggest that a law be passed providing for supervision by High Commission of payment of interest on bonds. Nicaraguan Chargé d'Affaires, in conversation with Department suggests that the proceeds of 12½ per cent surtax on general import and one-half of proceeds of property tax should be deposited with High Commission for payment of interest and the payment be supervised by it.

LANSING

File No. 817.51/1011

The Secretary of State to the Chargé d'Affaires of Nicaragua

No. 47

DEPARTMENT OF STATE,
Washington, October 12, 1917.

SIR: I have the honor to acknowledge the receipt of your note of October 5, 1917, in which you request me to direct that twenty-five thousand dollars of the amount payable to Nicaragua by the Canal Treaty be placed at your Government's disposal, for use in paying arrears of salaries of members of the Congress of Nicaragua.

In reply I have the honor to inform you that steps have been taken to have the desired twenty-five thousand dollars telegraphed to your Government.

Accept [etc.]

ROBERT LANSING

File No. 817.51/1015

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, October 12, 1917, 9 a. m.

The Department's October 6, 2 p. m. I informed Chamorro regarding status of Emery claim and advised him to cable instructions to his representative to accept financial plan after it is approved by the Department. This I believe he will do. He is extremely anxious to receive draft of plan at the earliest possible date since his Congress is daily adding to his expenses.

British Minister, September 21, 1917, directed a note to the Minister for Foreign Affairs in brief as follows: In acknowledging the receipt of a notice to the effect that the Legation claim had been registered with Public Credit Commission he states that British Legation claim was finally settled by default for nineteen thousand eight hundred pounds with interest to date which would bring claim to twenty-five thousand five hundred pounds and that no modification of the direct responsibility to his Government to pay the claim in full can be accepted pending any appropriate instructions from His Majesty's Secretary of State and that he would make stipulation accordingly. Nicaraguan Minister for Foreign Affairs informed me that he only acknowledged the receipt of this note.

British Minister apparently is still negotiating with the Public Credit Commission.

While the French, Italian and Spanish have not recently directed notes to the Minister for Foreign Affairs they allege their former notes are as formal as those of British Legation. Germans have uniformly submitted under protest against any revision. The Commission is endeavoring to make equitable settlement of this class of claims and has made offer to settle British Legation claim for 9,000 pounds, percentage of cash and bonds later to be agreed upon. Regarding all the above claims see exchange of notes between the Nicaraguan Government and other Foreign Governments reported in Nicaraguan Report on Foreign Relations, Volume One, October 1911 to December 1913.

I discussed question of further guaranty issue of internal bonds with President Chamorro and suggested to him that the same be supervised by High Commission. He apparently is agreeable to this

but desired to know if the same persons already designated by the Secretary of State and himself were to supervise the bond service.

In order to make the bonds attractive and provide for payment of interest and amortization at 6% it will be necessary to apply the proceeds of the twelve and one-half per cent surtax on the general import duties, but under new tariff, which will approximate one hundred thousand dollars annually and also all of proceeds of tax on capital one hundred and twenty-five thousand dollars and in addition to contingent amortization as per plan. Chamorro suggests that Nicaragua's share of bank and railroad dividends be also applied.

JEFFERSON

File No. 817.51/1015

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, October 16, 1917, 2 p. m.

Your October 12, 9 a. m. What arrangements have been made by Nicaraguan Government for application to awards of Mixed Claims Commission and of Public Credit Commission, of money now held by Ham on account of Ethelburga interests.

LANSING

File No. 817.51/1016

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, October 18, 1917, 3 p. m.

The Department's October 16, 2 p. m. No arrangements have been made for application of customs money collected by Ham on account of Ethelburga loan, as Nicaraguan Government is awaiting terms of contracts with bankers and foreign bondholders.

Regarding awards the Public Credit Commission is waiting to hear amount of money allowed for internal debt purposes. On basis 1,000,000 dollars available the Commission believes that not more than 15% can be paid in cash. Efforts will be made to pay all claims less than one thousand dollars in cash.

The Commission does not expect to revise or reduce Mixed Claims Commission judgments in the hands of original claimants except by mutual agreement. Claims in the hands of speculators or third parties will be heavily scaled from fifty to seventy per cent.

JEFFERSON

File No. 817.51/1022

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, October 22, 1917.

EXCELLENCY: It is very painful to me to have once more to bring to the valued attention of your excellency the subject of the financial affairs of my country, and my only excuse for so doing is because

the Department of State has repeatedly asserted its desire and willingness to aid us in bettering the distressing economic condition in which the Republic of Nicaragua finds itself at this time. This situation becomes daily more aggravated by the crisis caused, principally, by the lack of Government funds for the payment of a vast accumulation of back salaries. It is, therefore, indispensable, even very urgent, that the Government should pay these salaries as soon as possible in order to preserve public order and the welfare in general of the country.

On a former occasion my Government expressed this belief to the Department of State, which, knowing the circumstances and their pressing nature, made us the alluring promise that just as soon as the pending arrangements with the bankers in New York were concluded the necessary provisions would be made for the Government of Nicaragua to receive, from the Canal fund, the sum of \$250,000, destined to pay the back salaries referred to. Unfortunately just as the Government of Nicaragua was prepared to sign the contracts with the above-mentioned bankers in New York, and when the Department and the Nicaraguan Government were preparing the matter of the distribution of the proceeds of the Canal Treaty, certain unavoidable difficulties and discussions arose upon some points which have caused delays as injurious as they are deplorable.

However, these disturbing conditions having now disappeared I believe that I may assert to your excellency that the arrangements have now been definitely concluded, for while it is true that there is yet to be obtained the approval of the Congress of Nicaragua to the contracts, yet in reality such approbation is no more than a mere formality, and not a substantial or intrinsic requisite to the validity of the agreements. This is well known to the Department, which is aware of the amplitude of the authority which the Nicaraguan Congress gave the Executive for formulating and carrying out these negotiations. The Department is also aware of the instructions and the authority conferred upon me by the President to enable me, as the representative of Nicaragua, to sign the respective documents.

In my opinion, therefore, the time has arrived for me to appeal to the generosity of the Government of the United States, to the end that, heeding the reasons already given and animated by the same spirit of justice and equity with which it has proceeded always in its relations with the Government and the people of Nicaragua, it may arrange to effect, as soon as it can possibly do so, the payment of the sum mentioned to cover the residue of salaries of the Administration, in this way fulfilling its promise and aiding in an effective manner the improvement of conditions in this crisis.

I should add here that as my Government already received some days ago an advance of \$25,000 for the payment of salaries, the sum now asked for the same purpose is that of 225,000 dollars.

I beg to express in advance to your excellency, the gratitude of my Government and my personal appreciation for all that you may be good enough to do in the matters treated of in this note, and I avail myself [etc.]

R. ENRÍQUEZ

File No. 817.51/1022

The Secretary of State to the Chargé d'Affaires of Nicaragua

[Telegram]

DEPARTMENT OF STATE,
Washington, October 27, 1917.

With reference to your note October 22, Department feels that its approval of further payments from treaty moneys should be contingent upon ratification by Nicaraguan Congress of financial plan and arrangements which it considers is necessary to make the transaction legal and binding as has been stated on various occasions. Nevertheless, in view of Nicaraguan Government's request it will approve immediately application of sum of \$75,000 to back salaries, the remaining one hundred and fifty thousand dollars to be paid immediately after plan and arrangements are made legal and binding according to its views above expressed. If you desire this action to be taken by the Department you may telegraph, confirming it as soon as possible by note in same form as note you have addressed Department in regard to payment of twenty-five thousand dollars.

LANSING

File No. 817.51/1023

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, October 29, 1917.

MOST EXCELLENT SIR: I beg leave to confirm to your excellency my telegram of to-day^a asking you to effect the remittance of the seventy-five thousand dollars (\$75,000) for the payment of overdue salaries of the Government of Nicaragua out of the Canal Convention fund deposited in the Treasury of the United States and in accordance with the Convention agreement signed between the two Governments. The money may be sent to Managua, Nicaragua, in the same manner as the \$25,000, (twenty-five thousand dollars) were remitted on the 13th instant, which appears to me to be the most expeditious way.

I avail myself of this opportunity to express to your excellency my grateful acknowledgment of your favorable action in behalf of the Government of Nicaragua and beg leave [etc.]

R. ENRÍQUEZ

File No. 817.51/1020

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, November 2, 1917, 4 p. m.

Your October 18, 3 p. m., October 12, 9 a. m. Financial plan and agreements signed by bankers and Enriquez, were sent from New Orleans to Bluefields October 26. Nicaraguan Chargé d'Affaires pre-

^aNot printed.

sented note under direction of his Government requesting that 225,000 dollars from remainder of Canal funds be approved and cabled to Nicaragua for payment of back salaries. In view of statement made to Nicaragua that this Government would approve payment of sum apportioned for back salaries, as soon as financial plan and agreements were put in legal and binding form, Department replied to Mr. Enriquez, that it considered that conditions would not be complied with until Congress had given its definite approval, but that in view of Nicaragua's statement as to her pressing needs, it would immediately approve payment of seventy-five thousand dollars to be applied to back salaries, the remainder to be approved immediately after Congressional approval was given.

This information was conveyed by telegram to Nicaraguan Chargé d'Affaires, who had gone to New Orleans in order to dispatch plan and agreements, he replied by telegram requesting, in the name of his Government that seventy thousand dollars be immediately cabled to Nicaragua through the usual channel of Brown Brothers and Company; this request is being complied with.

You are directed to inform Lindberg that he has been designated by Secretary of State to approve orders for disbursement of this sum.

LANSING

File No. 817.51/1023

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Managua, November 8, 1917, 4 p. m.

Referring to the Department's November 2, 4 p. m. Lindberg directed to approve orders for disbursement of the seventy thousand dollars. National Bank of Nicaragua received orders from bankers stating that Ham and Minister of Finance were to act as committee in disposing of this money exactly as funds in February 1917. Ham was unwilling to act on the above information without letter from me which I gave to facilitate payment.

The Department's January 25, 5 p. m., last paragraph, my January 26, 5 p. m., fourth paragraph and Department's February 1, 4 p. m. Chamorro claims that convention person should be designated by the Secretary of State in accordance with terms of Canal Treaty. This will avoid future misunderstanding or controversy.

JEFFERSON

File No 817.51/1023

The Secretary of State to the Chargé d'Affaires of Nicaragua

No. 50

DEPARTMENT OF STATE,

Washington, November 12, 1917.

SIR: In acknowledging receipt of your note dated October 29, I have the honor to inform you that the Government of the United States concurs in the determination of the Nicaraguan Government respecting the application of the sum of seventy thousand dollars, referred to in your telegram, from the remainder of the sum of three million dollars to be paid to the Government of Nicaragua, and now

in the United States Treasury, to the payment of back salaries due to the Nicaraguan Government officials. The Secretary of the Treasury has been requested to place this sum to the order and for the credit of the Government of Nicaragua with Brown Brothers of New York City.

The Department of State has instructed the American Minister at Nicaragua, by cable, to inform Mr. Lindberg that he has been designated to approve the orders drawn against this sum by the Nicaraguan Minister of Finance.

Accept [etc.]

ROBERT LANSING

File No. 817.51/1038

Minister Jefferson to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Managua, November 14, 1917, 4 p. m.

Both Houses of Congress have approved the contracts as received in their original form and all amendments were withdrawn.

In view of above, and referring to the Department's November 2, 4 p. m., I request that the Department immediately approve the payment of the balance one hundred and fifty-five thousand dollars to be used in payment of pressing indebtedness budget deficit 1917 and back salaries.

JEFFERSON

File No. 817.51/1030

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, November 20, 1917.

YOUR EXCELLENCY: I have been authorized by the Secretary of the Hacienda of Nicaragua to sign in his name the necessary checks for compliance with the provisions of the Chamorro-Bryan Treaty and the contracts concluded the 20th of October last which have been duly approved by Congress and now form part of the law of the Republic which I have the honor to represent. I now take the liberty, in consequence thereof, to beg that your excellency will approve and order the payment from the Canal Convention funds on deposit in the Treasury of the United States, of the following amounts:

To the Banco Nacional of Nicaragua, Inc.....	\$111, 404. 83
To Brown Bros. & Co. and J. & W. Seligman.....	530, 000. 00
In payment of interest on \$1,000,000 to November 1.....	211, 184. 14
In payment of expenses to bankers.....	26, 512. 66
In payment of Corporation of Foreign Bondholders, equivalent of £168,008 4/7 at the rate of 4.75½.....	798, 878. 26
Total.....	\$1, 677, 979. 89

The prompt payment of these amounts will prevent the damage which the interest on these sums will cause the economic situation of my country.

With assurances [etc.]

R. ENRÍQUEZ

File No. 817.51/1051

LEGATION OF NICARAGUA,
Washington, November 22, 1917.

MOST EXCELLENT SIR: Under instruction received by cable from the Honorable Minister of Finance of Nicaragua, I permit myself to beg your excellency to cause one hundred and thirty thousand dollars of the one hundred and fifty-five thousand for the payment of salaries in arrears to be remitted as before and twenty-five thousand to be deposited in a bank here for the same purpose of paying arrears of salary which my Government must have in gold so as to draw thereon as agreed by the two Governments.

I beg your excellency to effect this and payment as desired by the Honorable Minister of Finance and to pardon the trouble it may cause, and to accept [etc.]

R. ENRÍQUEZ

File No. 817.51/1052

LEGATION OF NICARAGUA,
Washington, November 22, 1917.

YOUR EXCELLENCY: The terms of the protocol concluded September 18, 1909, between the Government of the United States and the Republic of Nicaragua, provide that the latter pay to the Government of the United States the sum of \$600,000, of which, in due course, only \$50,000 was paid.

The balance of \$550,000 with interest, as per said protocol amounts to \$748,986.12. An agreement has been reached on October 20, 1917, with the representatives of the parties interested in this amount, to the effect that they would be willing to receive the sum of \$485,000 as part of the principal, and receiving Treasury notes provided for in the above mentioned agreement for the balance of \$273,986.12 being the remainder of the principal still owing, and the full amount of interest due.

My Government has instructed me to inform your excellency that it has determined to apply the sum of \$485,000 from the sum of \$3,000,000 to be paid to the Government of Nicaragua in accordance with Article Three of the Treaty of August, 1914, between the United States and Nicaragua, for account of its indebtedness to the Government of the United States under protocol above mentioned, of September 18, 1909.

Hoping that this will meet the approval of your excellency, and with assurances [etc.]

R. ENRÍQUEZ

File No. 817.51/1060

LEGATION OF NICARAGUA,
Washington, November 22, 1917.

MOST EXCELLENT SIR: I hereby confirm my previous notes of the 20th and 21st [22?] instant by which in compliance with the provision in the Chamorro-Bryan Treaty as to the expenditure of the three millions, agreement was to be reached by the two High Contracting Parties, as has been duly done, payment of that money having already been ordered as follows:

\$500,000 to the Government of Nicaragua for the payment of overdue salaries.

\$485,000 to Messrs. Brown & Co., as interested parties in the Emery claim and agents of other claimants.

\$111,404.83 paid to the National Bank of Nicaragua, amount of principal and interest due to it.

\$530,000 paid to Brown Bros. & Co. and J. & W. Seligman & Co., being half of the principal owed them.

\$211,184.14 paid to the same bankers, being the interest on all the principal owed them up to the first of this month.

\$26,512.66 paid to the aforesaid bankers on account of expenses incurred and

\$799,720.23, the equivalent of £168,008.4/7 to be paid to the Foreign Bondholders. All these disbursements are in accordance with the contracts signed at New York on October 20 and approved by the Congress of Nicaragua on the 14th instant. The total amounts to \$2,663,821.86 which, deducted from the \$3,000,000 leave a balance of \$336,178.14 which I beg your excellency to deposit in a bank to be disbursed, like that held by the Receiver General of Customs up to November 30, in paying the internal debt as agreed in the contracts.

As the disbursement of the money stipulated in the Chamorro-Bryan Treaty which since its conclusion was lawfully held in deposit by the Treasury of your Government will thus be brought to an early termination, may I be permitted once more to express in behalf of my Government thanks for the valuable part you have taken in winding up this matter in which with spontaneous zeal you have proved yourself the most zealous guardian of Nicaragua's interests.

With assurances [etc.]

R. ENRÍQUEZ

File No. 817.51/1028

The Secretary of State to Minister Jefferson

[Telegram]

DEPARTMENT OF STATE,
Washington, November 30, 1917, 4 p. m.

Your November 8, 4 p. m. At request of Government of Nicaragua through the Legation here, Department has asked Treasury Department to deposit \$25,000 from remainder of sum of \$500,000 of Canal funds, determined upon by the two Governments, for application to pressing Governmental indebtedness and back salaries, with American Security and Trust Company of Washington, named as depositary in accordance with Treaty and has requested Treasury to send sum of \$130,000 from above-named sum to Brown Brothers and Company to be cabled to National Bank of Nicaragua for order of Government of Nicaragua, for payments above mentioned. All orders to be drawn by Minister of Finance and approved by Lindberg who has been appointed by Secretary of State. Brown Brothers and Company are cabling this sum to-day to Managua.

LANSING

File No. 817.51/1072

Minister Jefferson to the Secretary of State

[Extract]

No. 447

AMERICAN LEGATION,
Managua, November 30, 1917.

SIR: Supplementing my cablegram of November 14, 4 p. m. I have the honor to further report that the extraordinary session of the Nicaraguan Congress on that date finally approved the contracts with the bankers and also the financial plan without any amendments. Executive Decree No. 18, with its translation, approving the contracts and the plan is herewith attached.

I have [etc]

BENJAMIN L. JEFFERSON

[Inclosure—Translation]

MANAGUA, *November 23, 1917.*

The President of the Republic, to his people, Know ye: That the Congress has enacted the following: Decree No. 18.

The Senate and the Chamber of Deputies of the Republic of Nicaragua, Decree:

Article 1. The contracts are approved which, by virtue of the authority given by the Congress, in Decree of August 31 of this year, the Executive Power celebrated through the Financial Agent, Don Ramón Enríquez, on the date of October 20 of this year, with Brown Brothers & Company and J. & W. Seligman & Company and United States Mortgage and Trust Company on the Treasury bills; with the National Bank of Nicaragua on the payment of interest which is due it; with Brown Brothers and Company with reference to that which is due on the Emery claim; with the Corporation of Foreign Bondholders on the settlement of that which is due on the bonds issued in conformity with the contract of May 25, 1912 (May twenty-five, nineteen hundred and twelve). Likewise is approved the financial plan, which appears as an annex of the contracts referred to.

Article 2. The 2d "whereas" which precedes the contract with the Corporation of Foreign Bondholders of 1909 is modified in the following manner:

There are eliminated the words "one-fifth of the interest represented by the coupon which came due on January 1, 1915, and the whole of";

For the words "existe vencida e insoluta" are substituted the following: "existen vencidos e insolutos";

For the words "to said date" are substituted the following: "to January 1, 1915."

Done in the Hall of Sessions of the Senate Chamber. Managua, November 13, 1917. Sebastián Uriza, S. P., M. Caldera Miranda, S. V. S., Juan J. Ruiz, S. S. To the Executive Power. Chamber of Deputies. Managua, November 14, 1917. Salvador Chamorro, D. P. César Pasos, D. S. Fernando Ig. Martínez, D. S.

Therefore: let it be executed. President's House. Managua, November 14, 1917. Emiliano Chamorro. The Minister of Finance, Octaviano César.

File No. 817.51/1052

The Secretary of State to the Chargé d'Affaires of Nicaragua

No. 53

DEPARTMENT OF STATE,
Washington, December 3, 1917.

SIR: I have the honor to acknowledge the receipt of your note of November 22, in which you state that your Government has decided to apply the sum of \$485,000, from the sum of \$3,000,000 to be paid to Nicaragua by the United States under Article Three of the Treaty

of August 5, 1914, to the account of its indebtedness to the United States under the terms of the protocol concluded between the two Governments on September 18, 1909.

In reply I have the honor to inform you that the United States concurs in this application of the mentioned sum from the \$3,000,000.

Accept [etc.]

ROBERT LANSING

File No. 817.51/1051

No. 54

DEPARTMENT OF STATE,
Washington, December 3, 1917.

SIR: I have the honor to acknowledge the receipt of your note of November 22, in which you request that \$130,000 of the \$155,000 allotted by agreement of the United States and Nicaragua for the payment of arrears of salaries by your Government, be remitted as before, and that the remaining \$25,000 be deposited in a bank in Washington, and to inform you that this Government has taken pleasure in complying with your request.

Accept [etc.]

ROBERT LANSING

File No. 817.51/1065

The Chargé d'Affaires of Nicaragua to the Secretary of State

[Translation]

LEGATION OF NICARAGUA,
Washington, December 5, 1917.

MOST EXCELLENT SIR: I have the honor to inform your excellency that in accordance with Article 1 of the contract signed October 1, 1917, I sent on November 30, 1917, through the National City Bank of New York a telegraphic order for one hundred sixty-eight thousand and eight pounds, four shillings and seven pence (£168,008.4/7) to be paid to the Corporation of Foreign Bondholders of London, and that I have this day received notice from the said bank that payment was effected on December 3, 1917.

With assurances [etc.]

R. ENRÍQUEZ

File No. 817.51/1064a

The Secretary of State to Minister Jefferson

[Telegrams]

DEPARTMENT OF STATE,
Washington, December 6, 1917, 4 p. m.

Your May 30, 3 p. m.* Professor Jeremiah Jenks has been nominated by the Department of State as Director and Examiner of the National Bank of Nicaragua, also Director and Examiner of the Ferrocarril del Pacifico; he has been duly elected to these offices. He has been appointed by Secretary of State to act with the High Commission as umpire in accordance with Article 7 of the financial plan.

LANSING

* Not printed.

File No. 817.51/1062

DEPARTMENT OF STATE,
Washington, December 14, 1917, 4 p. m.

Your December 6, 2 p. m. Nicaraguan Chargé d'Affaires sent Department a note dated December 5 stating that he had received on December 3 a notification that the Corporation of Foreign Bondholders had received payment from Canal fund as approved and provided for in contract dated October 20 last.

LANSING

File No. 817.51/1065

The Secretary of State to the Chargé d'Affaires of Nicaragua

No. 56

DEPARTMENT OF STATE,
Washington, December 18, 1917.

SIR: I have the honor to acknowledge the receipt of your note of December 5, stating that, in accordance with Article 1 of the contract signed October 1, 1917, you sent on November 30, through the National City Bank of New York, a telegraphic order for one hundred and sixty-eight thousand and eight pounds, four shillings, and seven pence, to be paid to the Corporation of Foreign Bondholders of London, and that the bank has notified you that payment was effected on December 3.

Accept [etc.]

ROBERT LANSING

139°—FR1917—73

PANAMA

CLAIMS OF AMERICAN CITIZENS AGAINST PANAMA ON ACCOUNT OF THE KILLING OF CORPORAL MAURICE LANGDON AND IN- JURIES SUSTAINED BY CHARLIE R. RICHESON AND WILLIAM A. DAY¹

File No. 419.11C64/30

Minister Price to the Secretary of State

[Extract]

No. 1149

AMERICAN LEGATION,
Panama, October 27, 1916.

SIR: I have the honor to report that since the new administration came into power I have taken up with the present Secretary of Foreign Affairs a number of the matters pending with Panama, among them those of the riots of February 14, 1915, and of April 2, 1915, hoping for some action in them. Following a conference I sent a formal note, a copy of which is enclosed.

I enclose, also, a copy and translation of the response received to my note mentioned above. The new criminal judge referred to in Señor Garay's note will take possession of his office, I am informed, within the next day or two. He is Señor Don Ladislao Sosa, who has been Acting Secretary of Public Works in the Cabinet of former President Porras since the resignation of Señor Don Ramon F. Acevedo about two years ago.

I have [etc.]

WM. JENNINGS PRICE

[Inclosure 1]

Minister Price to the Minister of Foreign Affairs

F. O. No. 347

AMERICAN LEGATION,
Panama, October 21, 1916.

EXCELLENCY: I have the honor to make reference to the note from this Legation No. 322 of August 4, 1916, and more particularly to the whole file relating to the unfortunate occurrences happening last year in this city on February 14 and in the City of Colon on April 2, denominated as riots, between American soldiers and Panaman police and civilians, in which one American suffered the loss of his life and many received injuries more or less severe.

I am sure your excellency will accord to this Legation the reasonableness of its conviction that there might be more consideration shown to my Government in the matter of energetic and earnest investigation and prosecution of the guilty ones involved in those deplorable events and in an attempt to satisfy my Government in a settlement, that would remedy as far as possible the wrongs its citizens have suffered at the hands of citizens of your excellency's Republic and that would be an assurance against repetitions of such things in the future.

I respectfully solicit that your excellency may be good enough to let me have for forwarding to Washington a full and definite response herein and with all promptness possible with your excellency's convenience.

I take [etc.]

WM. JENNINGS PRICE

¹ Continued from For. Rel 1916, p. 924.

[Inclosure 2—Translation]

The Minister of Foreign Affairs to Minister Price

No. S-207

PANAMA, October 26, 1916.

MR. MINISTER: I have the honor to acknowledge receipt of your excellency's polite note No. 347 of the 21st instant, wherein you kindly ask for information regarding the matter of the investigation of the riot occurring on the 14th of February, 1915, in the Cocoa Grove district of this city, and the riot which took place on the 2d of April of the same year in the city of Colon.

In response, I am glad to inform your excellency that both investigations have been ended and are in the hands of the Supreme Court, waiting for their respective decisions, which have not been rendered on account of the new superior judge, recently named for the Supreme Court of Justice, not having taken his seat.

I trust that these decisions will be rendered soon, and I shall then be glad to transmit the texts of same to your excellency.

I value this opportunity [etc.]

NARCISO GARAY

File No. 319.1123L25/53

Minister Price to the Secretary of State

[Extract]

No. 1164

AMERICAN LEGATION,
Panama, November 13, 1916.

SIR: A few days since I heard the rumor that the new Superior or Criminal Judge, Señor Don Ladislao Sosa, had decided that the evidence collected in the investigation of the riot of April 2, 1915, justified the beginning of a prosecution against the Panaman policeman, Carlos Nuñez, on the charge of having murdered Corporal Langdon and I have the honor to report that I went immediately to the office of the Secretary of Foreign Affairs to make inquiry. He stated that Nuñez had applied to him for release from prison on the ground that he was being held without the issuance of legal process against him and only upon the verbal request of the former Secretary of Foreign Affairs; that finding this to be the fact, he (Secretary Garay) called upon the criminal judge to assume responsibility for the further detention of Nuñez. A day or two thereafter the morning paper contained an item that Nuñez had been "called to justice", as the term is used here for instituting a prosecution; that Señor Don Carlos Lopez had been appointed to defend him and that the case would be open for a period of ten days for proof.

I called at the Foreign Office again and reminded the Secretary of Foreign Affairs of the agreement which I had with his predecessor that a representative from our military headquarters would be permitted to be present at all stages of the proceedings and I requested to be notified of the time of any further taking of proof and of the further steps in the case. This was followed by a Foreign Office note, a copy and translation of which I enclose.

I immediately notified Gen. C. R. Edwards, military commander of the Canal Zone, sending a copy of the translation of this note to him. Lieut. D'Alary Fechet, who acted for the military authorities in the taking of a great deal of the former testimony, was sent to the Legation and I took him at once to the Foreign Office, and next day we visited the criminal judge and the prosecuting attorney. We arranged for a conference between the prosecuting attorney and Major H. A.

White, on the staff of General Edwards, and Lieut. Fechet, and after considerable discussion we arrived at the understanding also with these officials that our representatives might be present throughout further proceedings in the case.

I learned that Judge Sosa had arrived at the conclusion that there was nothing in the large amount of proof heretofore taken to authorize a prosecution to be begun against anyone except Nuñez; that the ten day period for proof mentioned above was the customary period just prior to a trial during which under Panaman law either Sde could present proof in addition to that already taken, and Judge sosa stated that he would receive proof from our authorities of an additional character, if it cared to be presented, against others as well as against Nuñez. Judge Sosa promised to send me a copy of his judgment, which he has done to-day, and a copy of the translation of the same is also enclosed.²

I have [etc.]

WM. JENNINGS PRICE

[Inclosure—Translation]

The Minister of Foreign Affairs to Minister Price

No. S-291

PANAMA, November 9, 1916.

MR. MINISTER: Referring to my note No. S-207, of the 26th of October last, relating to the proceedings being taken with regard to the incidents occurring on the 2d of April, 1915, in the city of Colon, I have the honor to inform your excellency that the superior judge of the Republic has summoned to justice ex-Sublieutenant Carlos Nuñez as the alleged person responsible for the death of Corporal Langdon, of the American Army, and that the court will be open for proofs to-morrow for the term of ten days.

I am bringing this to the knowledge of your excellency in order that, if you will have the kindness, you will communicate the same to Captain Edwards, who, according to information possessed by this office, was designated by the American military authorities to be present as their representative at the proceedings.

I take [etc.]

NARCISO GARAY

File No. 419.11064/30

The Secretary of State to Minister Price

No. 302

DEPARTMENT OF STATE,
Washington, November 24, 1916.

SIR: The Department has received your No. 1149 of the 27th ultimo reporting concerning the efforts made by you to hasten the investigation of the riots of February 14, 1915, in the city of Panama, and of April 2 of the same year in Colon.

The Department approves your efforts in the matter and advises you for your confidential information that upon the payment of the awards made by the arbitrator in favor of American citizens who suffered injuries during the disturbances of July 4, 1912, the Department expects to take up for consideration the question of similar injuries suffered in the later riots in the Republic of Panama.

I am [etc.]

For the Secretary of State,
FRANK L. POLK

²Not printed.

File No. 319.1123L25/53

The Secretary of State to Minister Price

No. 308

DEPARTMENT OF STATE,
Washington, December 1, 1916.

SIR: The Department has received your despatch No. 1164 dated November 13, 1916, reporting that it is rumored that the new Superior or Criminal Judge, Señor Don Ladislao Sosa, had decided that the evidence collected in the investigation of the riot of April 2, 1915, justified the beginning of a prosecution against the Panaman policeman, Carlos Nuñez, on the charge of having murdered Corporal Langdon.

The Department is glad to learn that Nuñez is about to be brought to trial.

I am [etc.]

For the Secretary of State,

FRANK L. POLK

File No. 319.1123L25/55

Minister Price to the Secretary of State

[Extract]

No. 1264

AMERICAN LEGATION,
Panama, February 19, 1917.

SIR: I have the honor to report that at last on Friday afternoon the trial of Carlos Nuñez, referred to in my despatch No. 1164 of November 13, 1916, charged with the murder of Corporal Langdon in the Colon riot of April 2, 1915, took place before the Superior Criminal Court sitting in this capital. The jury after considering the case about ten minutes brought in a verdict of acquittal which, a local newspaper states "was received with great enthusiasm by the waiting crowd".

I advised Brigadier General C. R. Edwards, Commanding General of the Canal Zone troops, duly of the date of the trial and Major Herbert A. White, Judge Advocate on his staff, was present.

The verdict was in no sense a surprise to us; in fact, no other result was expected as set out in my despatch No. 907 of April 24, 1916,³ to which I make special reference.

The satisfaction has been obtained, however, of the prosecution of at least one man involved in one of the several riots that have taken place between our soldiers and the Panaman police.

We feel convinced that this Panaman policeman had a guilty connection with the fateful event of that day and that it is very likely that he is the man that shot Corporal Langdon but identification of him as such was not forthcoming. He was identified by one witness as heretofore reported by me as being seen shooting at the train, which carried our soldiers on their return from the baseball game at Colon on the day of the riot.

Nuñez is the man whom Lieut. R. F. C. Goetz, then an aide on the staff of the commanding general, arrested on the evening of the riot and turned over to the Panaman authorities. It seems, however, that when

³ For. Rel. 1916, p. 931.

the witnesses were examined the identification which had been counted upon could not be obtained. This might have been possible if the Panaman authorities had exhibited proper energy and cooperation in the investigation of the riot, but it will be remembered by the Department that in spite of all the persistency and insistence of which we were capable it was not possible to get the Panaman authorities to present a number of their suspected police for identification by our soldiers until more than a year had elapsed after the riot. It is always difficult, of course, to single out the criminally guilty in the midst of the excitement of a riot. It was additionally difficult in this case because of the Panaman police wearing uniforms all alike. Considering these things and the lapse of time between occurrences and the presentation of the police before our soldiers for identification the improbability of successful identification is easily understood.

A short investigation was held by the Panaman authorities immediately succeeding the riot. A much fuller investigation by our military authorities with reference to the soldiers involved in the riot was conducted about the same time. However, the Panaman authorities refused or at least failed to take properly energetic steps in this matter and as far as effective cooperation and assistance with our military authorities, such was not possible to be obtained until after more than a year had passed. This furnishes, perhaps, a very tenable ground, in addition to others, for complaint on our part against the Panaman Government and to serve as a basis for damages against the Panaman Government. The unceasing repetition of demand on my part for action from the Panaman Government appears in the many notes found in the files of this case.

I have [etc.]

WM. JENNINGS PRICE

File No. 319.1123L25/56

The Secretary of State to Minister Price

No. 378

DEPARTMENT OF STATE,
Washington, May 2, 1917.

SIR: Referring to your despatch No. 1288 of March 8, 1917,² and to previous correspondence regarding the murder of Corporal Langdon of the United States Coast Artillery Corps and the wounding of several other American soldiers at Colon on April 2, 1915, I enclose in duplicate three memorials, one filed by Daniel McNamara and James Langdon; and one each by Charlie R. Richeson and William A. Day, covering claims of \$15,000.00, \$1,000, and \$1,000, respectively for damages resulting from the killing by Panaman policemen of Corporal Langdon, a brother of the claimants in the first mentioned memorial, and the wounding of Messrs. Richeson and Day during the Colon riot of April 2, 1915.

It seems unnecessary, in view of the correspondence which has passed between your Legation and the Panaman Foreign Office, with reference to this matter, to give more than the following brief narrative of what appear to be the principal facts of the case.

² Not printed.

It appears that on the afternoon of April 2, 1915, a game of baseball was played at Colon between the 5th United States Infantry team and the Cristobal team, the latter being composed of enlisted men in the United States Coast Artillery Corps and of civilians, most, if not all, of whom were in the employ of the Panama Canal or the Panama Railroad. It is stated that a special train brought to Colon for the occasion about twelve hundred members of the garrison of Camp Otis and of the Camp at Empire; that a large majority of the visiting contingent of enlisted men attended the game and that two or three hundred were about the town, many of whom had viewed a part of the game. It appears that at about 4:30 p. m., near the corner of Cash and 11th Streets, trouble arose between the American enlisted men and Panaman police as a result of which two American soldiers were shot by the police.

As to the circumstances leading up to the incident, it appears that the first controversy, which, however, was quickly settled, arose between an American soldier and a negro (Jamaican), caused by an attempt of the latter to force his way through a group of perhaps a dozen soldiers who were standing on the sidewalk. It is stated that a few minutes later an enlisted man, Private Fritz, while twirling a "swagger stick", or while he and two or three others were perhaps carelessly playing with the stick, accidentally struck a Panaman policeman. That this was an accident was apparently admitted even by the policeman himself. It appears, however, that the policeman expressed resentment; that a controversy arose and as a result two Panaman policemen rushed in and attempted to arrest Private Fritz. In the mêlée which ensued, it appears that Private Fritz was felled with a club and that one or more Panaman policemen began using firearms. Private George Klimp, of the hospital corps of the United States transport *Beauford*, who at that moment came out of a nearby building and who was entirely disconnected with the affray, was shot in the left arm. The soldiers being unarmed and consequently unable to defend themselves, scattered. The policemen fired several shots in the direction of the fleeing soldiers as a result of which Private Richeson, who was half a block away, was wounded in the arm.

It appears that immediately following this occurrence, Private McMillan, more than a block distant from the scene of the trouble, and who was in no way connected with it, was, without the slightest provocation, severely and brutally clubbed by the police. There is also evidence of other apparently less atrocious acts of violence on the part of the Panaman police towards American soldiers at about that time, of which specific mention need not here be made. On being apprised of the trouble, the American military officers at the ball grounds immediately appeared on the scene. Armed American patrols were sent out over the town and as rapidly as possible the visiting soldiers were sent to the special train which was lying on the track on Broadway in the immediate vicinity of the ball park.

It also appears that at the conclusion of the baseball game, some fifteen or twenty minutes after the first disturbance, near the entrance to the ball ground where the soldiers were entraining, trouble arose between American soldiers and civilians of Colon which resulted in a general riot and in which Panaman police played no small part. Various versions as to the immediate cause of the trouble have been given. However, the preponderance of evidence seems to indicate

that as the soldiers came from the ball grounds they were jeered at by a group of small boys, apparently negroes and Panamans; that the soldiers good naturedly chased the boys who receded and began hurling stones at the soldiers; that this misconduct was joined in by other natives and led to a general riot in which the soldiers, Panaman police and the inhabitants of that section participated. It appears that when this disturbance was at its height certain Panaman policemen took refuge in passageways between buildings on the east side of Hudson Lane both to the north and south of Falmouth Street and began shooting indiscriminately into the crowd of soldiers and at the special train which not only contained a large number of unarmed American soldiers but also American women. It seems that at about this time the enlisted men and armed patrols began to arrive from the scene of the first trouble *en route* to the train; that as the leading patrol, under Lieutenant Sloane of the Coast Artillery Corps, which, under orders of its superior officer, was endeavoring to restore order, reached 11th Street between Hudson Lane and Broadway, three policemen who were in a passageway on the east side of Hudson Lane made a stand at the head of an alley and one of them, who, at the time, was firing in the direction of the train, turned and without the slightest provocation directed his fire at the patrol. It also appears that one member of the patrol, Private Wells, who was in the lead, seeing a Panaman policeman firing into the train rushed out into an open lot and implored him to stop firing, whereupon the policeman turned on Private Wells, and fired one or two shots. While these shots missed the mark, one of them found lodgment in the chest of James Deloughery of Company I, 5th Infantry, who was standing on the rear platform of the last car of the train.

Practically simultaneously with this occurrence, Corporal Langdon, of the Coast Artillery Corps, who with two members of his patrol arrived at the corner of Hudson Lane and 11th Streets and while peaceably and orderly discharging the duty to which he had been assigned, namely, the bringing together of the American soldiers with a view to quelling the disturbance and preventing further trouble, was, without either warning or the slightest provocation, shot through the heart and instantly killed by a Panaman policeman who was secluded behind the corner of a building on the opposite side of the street.

It also appears that at about that time, at a point approximately seventy-five yards distant from the special train which he was approaching, Sergeant Day, a member of one of the patrols, was felled to the ground by a stone or other missile thrown by a Panaman, receiving a severe scalp wound which incapacitated him for active duty for a period of several days.

The salient facts of the whole disturbance appear to be that about thirty shots were fired by the police, which caused the death of one American soldier and the wounding of three others, whereas only five shots were fired by the Americans, all of which were fired by the members of the armed patrol and in self-defense, two of which shots were fired at the policeman who had already killed Corporal Langdon.

The evidence as a whole tends to show that the visiting soldiers did not go to Colon with any intention to provoke a disturbance and that

they at no time were the aggressors in the affrays which occurred. That they were not seeking trouble seems evidenced by their forbearance after several of their number had been wounded by clubs and guns and otherwise maltreated by the Panaman police, also by the fact of their prompt obedience to orders when efforts to quell the disturbance were begun. It requires no exercise of the imagination to picture the conditions which would have obtained had the disregard of life and limb, which was manifested by the Panaman policemen, extended to these twelve hundred or more soldiers.

While this Government would not desire to be understood as contending that all of its enlisted men who unhappily were involved in this unfortunate affair were entirely blameless, it does maintain that resort to firearms by the Panaman police, in wanton disregard for human life, was, under the circumstances, wholly unwarranted and without a semblance of justification or excuse.

This, however, is not the only phase of the case of which this Government feels impelled to remind the Government of Panama. It appears that notwithstanding the urgent requests of this Government and the repeated promises of the Panaman Government that those responsible for these outrages against American soldiers should be speedily brought to justice, only two persons were ever arrested on any charge and but one of these was placed on trial. This man, Carlos Nuñez, who, as the alleged murderer of Corporal Langdon, was arrested at the instance of an American Army officer, and whose detention during the interim of nearly two years between the date of the riot and that of his trial, was continued only at the urgent solicitation of American officials, was allowed liberties and freedom during the period of his so-called imprisonment that bespeak for those responsible therefore such indifference with regard to the proper enforcement of justice as, if it does not amount to a tacit approval of the lawless acts of the Panaman police, at least indicates a lack of any serious purpose to punish any of the perpetrators of such acts.

In support of these assertions may be cited the proposed release of Nuñez shortly after his arrest; and the fact that, subsequent to the agreement of the Panaman Government that he should be kept in confinement pending the results of further investigation, he was permitted to be at liberty in the city of Panama and, on one occasion, namely, June 20, 1915, became involved in an affray in the Cocoa Grove district at which time he is said to have attacked two other persons with a razor without being apprehended until the following day.

As further evidence of laxity in the administration of justice in this unfortunate affair may be mentioned the facts first, that no investigation of a prompt and vigorous character was ever made by the Panaman authorities; second, that a period of more than a year was permitted to elapse before any formal accusation was made or any steps were taken to identify the guilty parties, during which time many important witnesses had left Panama and the ability of others to identify with certainty the guilty parties was greatly minimized; third, that approximately a year after these occurrences and before any of the witnesses, who during the investigation had testi-

fied that they could identify the murderer of Corporal Langdon and other police participating in the riot, had been given opportunity to do so, the Panaman Government suggested that the case be considered as satisfactorily settled; fourth, that the identification proceedings, when eventually held, were conducted in a perfunctory and half-hearted manner and were little calculated to establish the facts. In view of these circumstances, it followed as natural consequences that only one person was brought to trial and that he was acquitted.

There appears to be no doubt that had the investigation and identification proceedings been vigorously prosecuted immediately following the riot, the apprehension and conviction of those responsible for the death of Corporal Langdon and the wounding of three other American soldiers could easily have been accomplished.

While this Government is loath to believe that responsible officials of the Panaman Government have deliberately contrived to prevent the administration of justice in this case, it is nevertheless impelled to the view that there was, on the part of those officials to whom was entrusted the duty of administering the law, a gross lack of appreciation of the respect and good will of a sincerely friendly foreign state and of the rights of its citizens, which has made it possible for persons violating these rights to go unpunished.

This Government has no disposition to be exacting with the Government of Panama. It nevertheless feels compelled most earnestly to register its keen disappointment at the apparent insincerity and laxity with which the Panaman authorities have dealt with this unfortunate situation. Whether the conditions complained of exist by reason of acts of commission or of omission, no self-respecting Government can properly consent that its citizens shall be maltreated and murdered in a foreign territory under circumstances analogous to those obtaining in this case without demanding that the Government whose agents have not only perpetrated the offense but have made it possible for the guilty to go unpunished shall make due reparation for the injuries sustained.

The claims here presented cover the cases of but three of the several victims of this riot, namely, Corporal Langdon, Private Richeson and Sergeant Day. While this Government considers that at least two other persons, namely, Privates Klimp and Deloughery, both of whom were shot by Panaman police, are entitled to remuneration, they do not appear to be American citizens and no demand in their behalf will be made by this Government.

You will bring this matter to the attention of the Foreign Office in the sense of the foregoing and say that in the view of this Government the indemnities specified in the memorials which are being submitted appear to be reasonable and just but that as a further demonstration of its desire to be as lenient with the Panaman Government as a proper regard for national dignity and the rights of its citizens will permit, this Government will accept in full satisfaction of these claims the sum of \$6,500.00. You will explain to the Panaman Government, however, that in making this concession this Government confidently expects that the Panaman Government will avail itself of an early opportunity to make settlement of the claims without the necessity of incurring the additional expense of referring to an arbitrator the question as to the amounts to be awarded as

was done in the Cocoa Grove cases, but that if such a course is favored by the Panaman Government, this Government is willing to follow the procedure adopted in those cases.

I am [etc.]

ROBERT LANSING

File No. 319.1123L25/57

Minister Price to the Secretary of State

[Extract]

No. 1418

AMERICAN LEGATION,
Panama, June 8, 1917.

SIR: I have the honor to request of the Department further instruction with reference to the presentation of claims against the Government of Panama, resulting from the riot in the city of Colon on April 2, 1915, and respecting which I acknowledge the receipt of instruction No. 378 of May 2, 1917.

Before complying with said instruction I deemed it well to confer with the military authorities of the Canal Zone, including Brigadier General E. H. Plummer, Commanding General, and Major H. A. White, Judge Advocate on his staff, who had supervision, as our representative, of the investigation and of the prosecution of Carlos Nuñez, incidental to the riot. Practically all of the evidence in the matter which is in the files of the Legation and of the Department consists of that taken by our authorities. We have never been furnished by the Panaman authorities with copies of their testimony. I understood that we had the agreement with them that they would do this and I was laboring under the impression that our military authorities, who took charge of the conduct of the investigation for us and of the trial of Nuñez, had been given copies. I found, however, they had not been. The record of this testimony is in the archives of the Superior or Criminal Court of Panama and consists of between three hundred and three hundred and fifty pages. * * * If the Department cares for it, I shall have to ask authority to employ outside clerical help in copying and translating it, as it would be impracticable to handle it in addition to the large amount of current work of the Legation.

Major White states to me that the Department in its instruction has quite fully and plainly summarized the testimony and stated the case notwithstanding the failure to have before it the testimony referred to above.

Both General Plummer and Major White coincide with me in the opinion that it will be much better to present at first our demand for indemnities in the total amount claimed, and to carry on negotiations on this basis, as far as it may seem wise and, to withhold, for the time being, any expression to the Panaman Government of our willingness to arbitrate the claims or to accept the sum of \$6,500.00 in settlement, as I am instructed to do at the beginning of the negotiations in the concluding paragraph of instruction No. 378. * * * General Plummer desires to seek the Department's consent through the War Department to reconsider the attitude taken in the next paragraph to the last of the instruction of refusal to present demands for Privates Klimp and Deloughery on the ground that they are not American citizens. He claims they had taken out their first or

declaration of intention papers and by reason of that fact and of their being enlisted in the military service of our Government that the claims should be prosecuted for them.

I, therefore, respectfully submit the foregoing for the consideration of the Department and shall await its further expression herein before filing a formal note with the Panama Foreign Office.

I have [etc.]

WM. JENNINGS PRICE

File No. 319.1123L25/57

The Secretary of State to Minister Price

No. 400

DEPARTMENT OF STATE,
Washington, June 30, 1917.

SIR: The Department has received your No. 1418 of the 8th instant, marked confidential, in which you ask for further instruction regarding the presentation of claims against the Government of Panama growing out of the riot in the city of Colon on April 2, 1915.

The Department is of the opinion that it will not be necessary to obtain copies of the testimony taken by the Panaman authorities during their investigation of this case.

The Department approves your suggestion that it might be better first to demand of the Panaman Government indemnities in the full amount claimed and to defer, for the time being, any expression of willingness to arbitrate the claims.

As to General Plummer's suggestion regarding the case of Privates Klump and Deloughery, the Department regrets that as these persons are not, and were not at the time the injuries were sustained, American citizens, it could not properly press diplomatic claims in their behalf. However, you may point out to General Plummer that these soldiers may desire to take up with their respective Governments the matter of their claims against the Government of Panama. Should they decide to pursue this course the Department would, upon request, furnish them copies of the evidence in its possession bearing on their particular cases.

I am [etc.]

ROBERT LANSING

File No. 319.1123L25/59

Minister Price to the Secretary of State

No. 1526

AMERICAN LEGATION,
Panama, August 21, 1917.

SIR: I have the honor to acknowledge the receipt on July 28 of the Department's instruction No. 400 of June 30 with reference to the matter of the presentation of claims for damages against the Government of Panama on behalf of the heirs of Corporal James Langdon in the sum of \$15,000 and on behalf of C. R. Richeson and W. A. Day in the sum of \$1,000 each, and that after communication with the commanding general of the Panama Canal and the Canal Zone, I have transmitted to the Panaman Foreign Office a note in compliance with said instruction and more fully in compliance with Department's instruction No. 378 of May 2, 1917.

I enclose a copy of said note.
I shall continue to keep the Department informed as to developments herein.
I have [etc.]

WM. JENNINGS PRICE

[Inclosure]

Minister Price to the Minister of Foreign Affairs

F. O. No. 447

AMERICAN LEGATION,
Panama, August 20, 1917.

EXCELLENCY: I have the honor now again to refer to the riot which took place in the City of Colon on the 2d day of April, 1915, and in compliance with instructions from the Department of State of my Government to present in the name of my Government claims for damages against the Government of your excellency on behalf of the heirs of Corporal James Langdon who was killed on that unfortunate occasion and on behalf of Messrs. Charlie R. Richeson and William A. Day who were wounded.

It seems unnecessary, in view of the correspondence which has passed between your excellency's office and this Legation, with reference to this matter, to give more than a brief narrative of what appear to be the principal facts in the case.

It appears that on the afternoon of April 2, 1915, a game of baseball was played at Colon between the 5th United States Infantry team and the Cristobal team, the latter being composed of enlisted men in the United States Coast Artillery Corps and of civilians, most, if not all, of whom were in the employ of the Panama Canal or the Panama Railroad. It is stated that a special train brought to Colon for the occasion about twelve hundred members of the garrison of Camp Otis and of the Camp at Empire; that a large majority of the visiting contingent of enlisted men attended the game and that two or three hundred were about the town, many of whom had viewed a part of the game. It appears that at about 4:30 p. m., near the corner of Cash and 11th Streets, trouble arose between American enlisted men and Panamanian police as a result of which two American soldiers were shot by the police.

As to the circumstances leading up to the incident, it appears that the first controversy, which, however, was quickly settled, arose between an American soldier and a negro (Jamaican), caused by an attempt of the latter to force his way through a group of perhaps a dozen soldiers who were standing on the sidewalk. It is stated that a few minutes later an enlisted man, Private Fritz, while twirling a "swagger stick", or while he and two or three others were perhaps carelessly playing with the stick, accidentally struck a Panamanian policeman. That this was an accident was apparently admitted even by the policeman himself. It appears, however, that the policeman expressed resentment; that a controversy arose and as a result two Panama policemen rushed in and attempted to arrest Private Fritz. In the mêlée which ensued, it appears that Private Fritz was felled with a club and that one or more Panamanian policemen began using firearms. Private George Klimp, of the hospital corps of the United States transport *Beauford*, who at that moment came out of a nearby building and who was entirely disconnected with the affray, was shot in the left arm. The soldiers being unarmed and consequently unable to defend themselves, scattered. The policemen fired several shots in the direction of the fleeing soldiers as a result of which Private Richeson, who was half a block away, was wounded in the arm.

It appears that immediately following this occurrence, Private McMillan, more than a block distant from the scene of the trouble, and who was in no way connected with it, was, without the slightest provocation, severely and brutally clubbed by the police. There is also evidence of other apparently less atrocious acts of violence on the part of the Panamanian police towards American soldiers at about that time, of which specific mention need not here be made. On being apprised of the trouble, the American military officers at the ball grounds immediately appeared on the scene. Armed American patrols were sent out over the town and as rapidly as possible the visiting soldiers were sent to the special train which was lying on the track on Broadway in the immediate vicinity of the ball park.

It also appears that at the conclusion of the baseball game, some fifteen or twenty minutes after the first disturbance, near the entrance to the ball ground

where the soldiers were entraining, trouble arose between American soldiers and civilians of Colon which resulted in a general riot and in which Panaman police played no small part. Various versions as to the immediate cause of the trouble have been given. However, the preponderance of evidence seems to indicate that as the soldiers came from the ball grounds they were jeered at by a group of small boys, apparently negroes and Panamans; that the soldiers good-naturedly chased the boys who receded and began hurling stones at the soldiers; that this misconduct was joined in by other natives and led to a general riot in which the soldiers, Panaman police and the inhabitants of that section participated. It appears that when this disturbance was at its height certain Panaman policemen took refuge in passageways between buildings on the east side of Hudson Lane both to the north and south of Falmouth Street and began shooting indiscriminately into the crowd of soldiers and at the special train which not only contained a large number of unarmed American soldiers but also American women. It seems that at about this time the enlisted men and armed patrols began to arrive from the scene of the first trouble en route to the train; that as the leading patrol, under Lieutenant Sloane of the Coast Artillery Corps, which, under orders of its superior officer, was endeavoring to restore order, reached 11th Street between Hudson Lane and Broadway, three policemen who were in a passageway on the east side of Hudson Lane made a stand at the head of an alley and one of them, who, at the time, was firing in the direction of the train, turned and without the slightest provocation directed his fire at the patrol. It also appears that one member of the patrol, Private Wells, who was in the lead, seeing a Panaman policeman firing into the train rushed out into an open lot and implored him to stop firing, whereupon the policeman turned on Private Wells and fired one or two shots. While these shots missed the mark, one of them found lodgment in the chest of James Deloughery of Company I, 5th Infantry, who was standing on the rear platform of the last car of the train.

Practically simultaneously with this occurrence, Corporal Langdon, of the Coast Artillery Corps, who with two members of his patrol arrived at the corner of Hudson Lane and 11th Streets and while peaceably and orderly discharging the duty to which he had been assigned, namely, the bringing together of the American soldiers with a view to quelling the disturbance and preventing further trouble, was, without either warning or the slightest provocation, shot through the heart and instantly killed by a Panaman policeman who was secluded behind the corner of a building on the opposite side of the street.

It also appears that at about that time, at a point approximately seventy-five yards distant from the special train which he was approaching, Sergeant Day, a member of one of the patrols, was felled to the ground by a stone or other missile thrown by a Panaman, receiving a severe scalp wound which incapacitated him for active duty for a period of several days.

The salient facts of the whole disturbance appear to be that about thirty shots were fired by the police, which caused the death of one American soldier and the wounding of three others, whereas only five shots were fired by the Americans, all of which were fired by the members of the armed patrol and in self-defense, two of which shots were fired at the policeman who had already killed Corporal Langdon.

The evidence as a whole tends to show that the visiting soldiers did not go to Colon with any intention to provoke a disturbance and that they at no time were the aggressors in the affrays which occurred. That they were not seeking trouble seems evidenced by their forbearance after several of their number had been wounded by clubs and guns and otherwise maltreated by the Panaman police, also by the fact of their prompt obedience to orders when efforts to quell the disturbance were begun. It requires no effort of the imagination to picture the conditions which would have obtained had the disregard of life and limb, which was manifested by the Panaman policemen, extended to these twelve hundred or more soldiers.

While my Government would not desire to be understood as contending that all of its enlisted men who unhappily were involved in this unfortunate affair were entirely blameless, it does maintain that resort to firearms by the Panaman police, in wanton disregard for human life, was, under the circumstances, wholly unwarranted and without a semblance of justification or excuse.

This, however, is not the only phase of the case of which my Government feels impelled to remind the Government of Panama. It appears that notwithstanding the urgent requests of my Government and the repeated promises of the Panaman Government that those responsible for these outrages against American soldiers should be speedily brought to justice, only two persons were

ever arrested on any charge and but one of these was placed on trial. This man, Carlos Nuñez, who, as the alleged murderer of Corporal Langdon, was arrested at the instance of an American Army officer, and whose detention during the interim of nearly two years between the date of the riot and that of his trial, was continued only at the urgent solicitation of American officials, was allowed liberties and freedom during the period of his so-called imprisonment that bespeak for those responsible therefor such indifference with regard to the proper enforcement of justice as, if it does not amount to a tacit approval of the lawless acts of the Panaman police, at least indicates a lack of any serious purpose to punish any of the perpetrators of such acts.

In support of these assertions may be cited the proposed release of Nuñez shortly after his arrest; and the fact that, subsequent to the agreement of the Panaman Government that he should be kept in confinement pending the results of further investigation, he was permitted to be at liberty in the city of Panama and, on one occasion, namely, June 20, 1915, became involved in an affray in the "Cocoa Grove" District at which time he is said to have attacked two other persons with a razor without being apprehended until the following day.

As further evidence of laxity in the administration of justice in this unfortunate affair may be mentioned the facts first, that no investigation of a prompt and vigorous character was ever made by the Panaman authorities; second, that a period of more than a year was permitted to elapse before any formal accusation was made or any steps were taken to identify the guilty parties, during which time many important witnesses had left Panama and the ability of others to identify with certainty the guilty parties was greatly minimized; third, that approximately a year after these occurrences and before any of the witnesses, who during the investigation had testified that they could identify the murderer of Corporal Langdon and other police participating in the riot, had been given opportunity to do so, the Panaman Government suggested that the case be considered as satisfactorily settled; fourth, that the identification proceedings, when eventually held, were conducted in a perfunctory and half-hearted manner and were little calculated to establish the facts. In view of these circumstances, it followed as natural consequences that only one person was brought to trial and that he was acquitted.

There appears to be no doubt that had the investigation and identification proceedings been vigorously prosecuted immediately following the riot, the apprehension and conviction of those responsible for the death of Corporal Langdon and the wounding of three other American soldiers could easily have been accomplished.

I am instructed to say that while my Government is loath to believe that responsible officials of the Panaman Government have deliberately contrived to prevent the administration of justice in this case, it is nevertheless impelled to the view that there was, on the part of those officials to whom was entrusted the duty of administering the law, a gross lack of appreciation of the respect and good will of a sincerely friendly foreign state and of the rights of its citizens, which has made it possible for persons violating these rights to go unpunished.

I am instructed further to say that while my Government has no disposition to be exacting with the Government of Panama, it nevertheless feels compelled most earnestly to register its keen disappointment at the apparent insincerity and laxity with which the Panaman authorities have dealt with this unfortunate situation. Whether the conditions complained of exist by reason of acts of commission or of omission, no self-respecting Government can properly consent that its citizens shall be maltreated and murdered in a foreign territory under circumstances analogous to those obtaining in this case without demanding that the Government whose agents have not only perpetrated the offense but have made it possible for the guilty to go unpunished shall make due reparation for the injuries sustained.

I am, therefore, further instructed by my Government to ask at the hands of your excellency's Government the payment of the sum of fifteen (\$15,000) thousand dollars for the heirs of Corporal James Langdon and the sum of one (\$1,000) thousand dollars each for Mr. C. E. Richeson and Mr. W. A. Day, and to express the hope that your excellency's Government will find itself disposed to do these acts of justice with promptness all the more because of the fact that the same can not serve other than as a partial reparation for such wrongs as were inflicted on this occasion.

I avail myself [etc.]

WM. JENNINGS PRICE

File No. 319.1123L25/61

Minister Price to the Secretary of State.

No. 1615

AMERICAN LEGATION,
Panama, October 15, 1917.

SIR: I have the honor to submit for the further instruction of the Department herein a translation of a response from the Secretary of Foreign Affairs of Panama to my note presenting claims for damages against the Government of Panama growing out of the Colon riot of April 2, 1915. The length of this response is such that it has required considerable time, in connection with the other work of the Legation, to complete a translation of it. It is my intention to send a copy of the Spanish text of same but there has not been the opportunity yet to have it completed.

I shall send duly a copy of the translation of said response to Colonel George F. Landers, the military commander of the Canal Zone.

I have [etc.]

WM. JENNINGS PRICE

[Inclosure—Translation]*The Minister for Foreign Affairs to Minister Price*

S. P. No. 2950

PANAMA, September 28, 1917.

MR. MINISTER: I have the honor to refer to your excellency's kind note F. O. No. 447, of August 20 last, received in this office on the 29th of that month, the receipt of which I acknowledged the following day by my note S. P. No. 2724.

I have delayed answering this note of your excellency because the matter to which it refers is extremely complex and because the dossiers, judicial, administrative and diplomatic, on this subject, which repose in the archives of this Department, are so voluminous that the reading and study of them have demanded of me considerable time. This matter was fully discussed by your excellency and my predecessor during the past administration, and I venture to hope that in now reviving this discussion, which is new to me, your excellency will excuse the delay which lack of preparation has compelled me to make.

Your excellency's note is divided into three principal parts. The first consists of a statement of events which took place in Colon on April 2, 1915, the results of which were: a corporal of the American Army dead, several American soldiers wounded or bruised, and also—although your excellency is silent as to this—several Panamanians and foreigners wounded and bruised, as well as some members of the Colon police. The second part of your excellency's note undertakes to throw the responsibility for those doings of blood on the authorities of the Panaman Government, and the third part fixes the amount of the pecuniary claim which in the opinion of your excellency the Republic of Panama should pay to the heirs of the deceased Corporal Langdon, to Day who was stoned and to Richeson who was wounded.

To be methodical, I shall follow as closely as possible the relation of the events as your excellency formulates them, analyzing them in the light of the data collected from the dossiers which I have just consulted.

Without stopping to transcribe textually the prolix narrative of your excellency, I will observe that in it no mention is made therein of an essential fact, the importance of which admits of no discussion. That is this: The ball game which was played in Colon on April 2, 1915, had been profusely advertised in the newspapers of the Isthmus, and so far ahead that the most elemental foresight and prudence required of the American authorities the adoption of certain necessary steps. In transporting to Colon from Camp Otis and Empire 1,200 soldiers, those authorities should have reinforced proportionately and adequately the preventive guard or patrol which, in accordance with the *de facto* agreement which has existed between the Panaman and American authorities since 1908, accompanies the American sea and land forces when they disembark in or travel

through our territory, and which is charged with the arresting and punishing of soldiers and sailors in case of necessity in order thus to prevent any conflict with our public forces or with the civilian population. Notwithstanding this, the contrary took place. Not only did the patrol not appear in Colon that day, but the American military authorities notoriously failed to give heed to the requests concerning this made to them by the Governor of the Province, Mr. Ruben Arcia S., as stated by this official in his sworn declaration of July 18, 1916, made before the First Judge of the Circuit of Colon, which says:

"On April 2, 1915, I started at about 2.15 p. m. for the place where they play ball and, in passing through Boca Grande (in the red light district), I saw a crowd of American soldiers and sailors taking considerable spirits and noticed that neither soldiers nor sailors were watched by the usual patrol; I tried at once to get on the telephone Capt. Kennedy, Chief of Police of Cristobal, who was not there but at the ball game. I went on to the place where the game was being held and there met Capt. Kennedy and Sergt. Callaway, whom I asked to present me to one of the chiefs of the soldiers who had come from the Zone and were in the Boca Grande section, in a state of drunkenness, since I thought it necessary to send at once a patrol to avoid disorders. These police chiefs granted my request and presented me to Capt. Walker, one of the chiefs of the soldiers present that day. I asked this gentlemen to send a patrol and I told him my reasons for asking this and this chief told me with considerable haughtiness that he would look after the matter."

This version of Governor Arcia is corroborated by the testimony of Sergeant Callaway, of the Canal Zone police, who declares the following before the administrative authorities of Colon:

"Governor Arcia arrived and said to me: 'I wish you would go with me and find some officer who has authority over the soldiers who are in the city.' Then he told me that there were numerous soldiers in the red light district and that some of them were drinking, and that to avoid disorders he was going to ask that a patrol be sent to look after the soldiers; 'Very well, come with me,' I said, 'And I will find some officer who has authority to do what you wish.' Near the grand-stand I saw Capt. Davis of the 5th Company and presented him to Governor Arcia. The Governor then told Capt. Davis that a number of soldiers were in the red light district and that they were drinking; that as yet they were quiet but that he feared that some disorder might arise and that in order to avoid this he asked that a patrol of American soldiers be sent to the red light district to look after the sailors who were in that section and that he, Governor Arcia, would look after his people. Capt. Davis asked me if I had been in the red light district and if I had seen soldiers there. I answered that I had not been there. Together with the Governor, we returned to the place where we had left Capt. Kennedy, who asked me what had been done. I answered that I had presented the Governor to Capt. Davis and that the Governor had asked for a patrol to look after the sailors. Capt. Kennedy asked me if the patrol had been sent and I answered that I could not say, that I did not know. The Governor said that Capt. Davis did not seem to have attached much importance to his request. Governor Arcia remarked that Capt. Davis had not paid as much attention to the matter as he had hoped, that he had been very cold to him. When the Governor and I had returned to the place where we had left Capt. Kennedy, it was exactly 3 p. m. by my watch."

This occurred therefore an hour and a half before the deplorable events which we all know of took place.

Another circumstance concerning which your excellency is silent, and which likewise cannot be passed over completely if it is desired to penetrate the determining motive of the principal dispute and to establish in justice the responsibilities arising therefrom, is this. The ball game which attracted so many to Colon was played by a team of soldiers from the Canal Zone (5th Infantry) and another composed almost entirely of civilian employees of the same Zone (Cristobal). This fact caused, as is natural in every game, the formation of two bands or rival parties and therefore the sympathies of the spectators were divided. The British subjects born in the Antilles, who form the greater part of the Colon population, early made clear their preference for the Cristobal team, composed chiefly of civilian employees of the Canal and of the Panama Railroad. This sympathy is easily explained: the West Indians are also laborers and civilian employees of the Canal and of the Railroad and felt themselves bound to the

Cristobal team by more or less remote ties of solidarity. That sentiment was given free expression due to the victory obtained by the Cristobal club over the 5th Infantry, composed exclusively of soldiers, and some sarcastic expression voiced by the subjects of His Britannic Majesty had the result of exasperating the conquered soldiers' pride and were the determining motive of the disturbances. Your excellency in referring to the first incident which took place at about 4.30 between American soldiers and Panaman police near the corner of 11th and Ricaurte (Cash) Streets, declares—to my great surprise—that on that occasion "two American soldiers were wounded by firearms by the police". As your excellency well knows, it has not been possible during years of incessant efforts and investigations to obtain the proof necessary to make this affirmation certain, although these efforts and investigations have been conducted by both the American military authorities and the Panaman authorities, seconded by the joint diplomatic action of your Legation and of this Chancellery.

Your excellency describes the cause of this incident thus:

"A few minutes later a soldier, Fritz, in playing with his walking-stick, or while he and two or three others were carelessly playing with a stick, struck a Panaman policeman. That this was an accident the policeman himself apparently admits."

Nevertheless, the declaration made by the policeman who was struck, Roman Herrera, before the investigating Judge in the presence of Lieut. Fechet d'Alary, disagrees essentially with the version of your excellency. Here is what Roman Herrera says, on p. 18 of the judicial dossier:

* * * "Yesterday at a quarter after four I was on post in Colunge Street and as I was walking my beat I saw or met two American soldiers who were striking two negroes; in accordance with the instructions I had received, I paid no attention to this and continued my walking; on returning, I saw another soldier standing in the middle of Santander Street calling to other soldiers to pick up, as I understood it, a stick which he held at his feet; I passed near this soldier, from in front, and he on seeing me, said to me: 'Ah, spiquiti! (spiggotty?)', and another who had picked up the stick struck me hard over the kidneys while others rained⁴ blows on me; what I then did was defend myself; at this point policemen 134 and 111 approached and told the soldier who had struck me that he was under arrest; this had hardly been said when, as if by enchantment some two hundred soldiers rushed at us and committed against us all kinds of outrages and insults. At this point the captain and policeman 13 arrived and put an end to the incident. I came out of this with a wound in the right cheek, from a (barillazo) which a soldier gave me."

Pedro Pablo Gaitán, policeman No. 134, declares on p. 2 of the judicial dossier that he found in 10th street many American soldiers drunk and that one of them seized a stick and attacked policeman No. 50, on post in that street, cutting open his eye. That he tried to arrest the soldier but in vain, because all the soldiers came on top of them.

"At once, in the performance of our duty, we tried to defend ourselves; at this moment policeman 59 came to our assistance and as we tried again to defend ourselves a soldier lifted him up and threw him on the ground, taking away his stick and hat; seeing this, I took the stick and tried to protect my comrade; the same soldier now seized me strongly and struck (dió de trompadas) me and threw away my hat; this soldier was armed with a stick. I tried to get my hat from him, but he struck me with his stick; at this point I heard two or three revolver shots from I do not know where; the soldier threw the hat on the ground and ran away. This ended the matter as far as we were concerned and I withdrew."

Policeman 59, José A. Martínez, declares on p. 5, that—

"Policeman 50, stationed in the Louvre, was passing and the gringos, when they saw him, made for him and struck him; I approached again and the gringos disarmed me, taking my stick, my hat and other things, and several lifted me up and let me drop to the ground, repeating this several times—three times—trampled on the ground, I drew my revolver and fired three shots in the air and then Sub-Lieut. Agustín Arias disarmed me and I withdrew again to my post. A (chomo) brought me my hat after a while."

⁴ *Me tiraban trompadas*—fell afool of us.

As your excellency might observe that the foregoing declarations, since they emanate from the very police who were attacked by the soldiers, might perhaps breathe passion or vengeance, I am going to cite testimony from an American source to show your excellency that the soldier Fritz was not joking with the police, but acting aggressively, under the influence of alcohol.

Soldier George W. Edman, on the back of p. 145, declares that—

“A man of the 5th Infantry had one of their sticks and was over there and two others were trying to get him along towards the train. This man was somewhat under the influence of liquor and they put the stick under his arm and insisted on taking it away with them. A Panaman policeman arrived and stopped them and when a soldier tried to get the stick from his friends he struck the policeman below the eye.”

I continue to cite to your excellency:—

“It appears nevertheless that the policemen showed resentment; that there arose a dispute and that two Panaman policemen came up and tried to arrest Fritz. It appears that, in the tumult that ensued, they knocked the soldier Fritz down with a stick and one or more Panaman policeman began to use their revolvers.”

Did not your excellency declare in another passage of your note that the Government of the United States was far from absolving from all blame all the soldiers of the American Army who took part in this fray, there might be presumed in the foregoing transcriptions a certain tendency to establish a contrast between the polite and respectful attitude there assigned to the American soldiers and the very aggressive one imputed to the Panaman police.

It is a proved fact that soldiers and sailors, not only those of the United States of America but of all the nations of the world, when they breathe freely outside of the military iron discipline, are given to expansiveness of a violent and dangerous character. To throw a numerous army on the city of Colon without providing the patrols necessary to preserve order in the town is a lack of prevision such that, if it were not a matter in this case of the Government which guarantees the independence of the Republic of Panama, on the one hand, and of that which has given its soil for the opening of the Inter-oceanic Canal, on the other, that fault would have provoked an international conflict of the gravest consequences.

Your excellency, after referring to the soldiers Klimp and Richeson being wounded in the arm and the soldier McMillan clubbed by the police, adds:

“There is also proof of other acts of violence, apparently less cruel, on the part of the Panaman police towards the American soldiers, at more or less the same hour of which it is not necessary to make special mention here.”

Setting aside all prejudice, prevention and passion, I venture to ask your excellency whether it is conceivable within the bounds of logic and reason, that such a small contingent of police as that which kept order in the streets of Colon and at the ball game, on the afternoon of Good Friday of 1915, would assume the more than rash attitude which your excellency attributes to it before 1,200 soldiers of Camp Otis and Corozal, to which should be added those of the Coast Artillery and the American civilian employees of the Panama Railroad and Canal? However much such prodigies of valor might flatter the self-conceit of Isthmians, the numerical disproportion in this case between the military element and civil element of the Americans on the one side and of the Panaman police on the other was so enormous that without stopping to study the affidavits of the inquiry common sense rejects the possibility of the provocative acts attributed to the police of Panama.

Your excellency in referring to the incident which took place later at the entrance to the ball grounds states that this disagreement arose “between American soldiers and persons from Colon”. This statement likewise disagrees with the testimony collected in the course of the investigation, from which it appears on the contrary, that the incident to which your excellency alludes occurred chiefly between American soldiers and West Indians, who constitute—as is well known to all—the majority of the population of Colon and are for the most part employees of the Canal and of the Railroad.

Your excellency adds that in this tumult “the Panaman police took no small part”, as if for this reason some blame attached to them. As a matter of fact, the police were sent to the ball game for the very purpose of ensuring order and

of intervening in any tumult that might take place. These are the proper functions of police corps in all countries of the world, and this duty was all the more imperative for the police of Colon on the day I refer to owing to the very perceptible lack of military patrols for watching and restraining the soldiers.

Concerning the origin of this incident, your excellency says that the soldiers were jeered by "negro and Panaman" small boys. As to the color of the small boys, this Department has no remark to make; as to the nationality of same, it has. Mr. Luis F. Muñoz, at that time captain of the port of Colon, declares on the night of the very day of these happenings (p. 11 of the dossier) that on leaving the ball game which took place between the 5th Infantry and Cristobal, in 14th Street, there were some nineteen railroad cars and as he was trying to cross the cars to take the other street, in Broadway Avenue, two soldiers were throwing stones which they picked up in the street at a young Jamaican, some fourteen years old.

And the witness William Williams, American citizen, declares on p. 23:

"As I left the ball game I saw a group of negroes"—he does not mention Panamanians—"who were leaving by 11th Street jeering at the soldiers because they had lost the game."

Likewise your excellency opines—with extravagant optimism—that the soldiers fled good-naturedly from the mocking children, notwithstanding that the captain of the port of Colon, as well as other eyewitnesses of the events, declare the exact opposites and your excellency professes the opinion which is no less charitable as to the reception and treatment which the American soldiers reserved for the Panaman police when the latter, in the performance of their duty, intervened in the tumult; and in the next line your excellency mentions that when the tumult was at its apogee "certain Panaman policemen took refuge in the alleys which run between the buildings on the east side of Hudson Lane, to the north and south of Falmouth Street", although without saying why. Acknowledge then, that our warrior Cids and our grappling Horatios of a few minutes ago left on the run. The reason for such taking refuge is given us on p. 124 by the soldier Cyrus L. Rhone:

"We were on our way to the train and the Panaman police began to gather about there and the American soldiers began to chase them with stones."

But where your excellency can find a more vivid and complete picture of the incident referred to is in the declaration of the soldier Ivan F. Bourn, on the back of p. 127 of the dossier. This says:

"When I arrived there, there were in the place some three hundred soldiers and also some twenty-five or thirty negroes and Panaman. I found a soldier of the 5th Infantry and a negro quarreling. The soldier was saying 'If I can't play ball, at least I can beat you' and struck the negro. A group of soldiers then gathered there and began to hit the negro. The negro did not reply to the blows but covered with his hands in front of his face. Then a civilian (a white American) and some sergeants and corporals (some from the 5th Infantry, some from the 10th Infantry and the Coast Artillery) arrived for the purpose of making the soldiers who were beating the negro withdraw. One of the soldiers said to the white American civilian, who was very yellow and appeared dark: 'You negro bastard, what are you mixing in for?' The sergeants and corporals got the civilian out of the crowd. Then the soldiers went to the opposite side of the train and filled their hats with stones and approached the houses and threw stones at the Panamans and negroes who lived in them, who had been jeering at the soldiers because Cristobal had come out victor in the ball game. Those who lived in the houses replied to the stones with empty beer bottles and pieces of china, etc. As three Panaman policemen coming from the alley appeared at this moment, the soldiers when they saw them began against them. One of the soldiers picked up a folding chair and rushed at a policeman and hit him with it several times until he threw him to the ground and left him insensible. It appears that this soldier then threw this policeman into the alley and left him there stunned (tonto). The group of soldiers then threw stones at the other policemen and drove them towards an alley."

Both affidavits are of American origin.

Your excellency adds that the police began to shoot indiscriminately at the group of soldiers and at the special train, without taking into account at all that private persons also fired and that those private persons were almost all British

West Indians. Regarding this Capt. Fred. M. Bugbee of the American Army declares, on the back of p. 138, of the dossier, as follows:

"To the best of my knowledge and belief, as well as I can remember, I think that one or two shots were fired from the houses, since two bullets passed close to me, but I cannot say whence they came; I also believe, although I am not very sure, that bottles and stones were thrown from the houses."

And the soldier Andrew McManus, on p. 139, declares:

"I was in 11th Street near the corner of Hudson Alley, and I saw a Panaman come out of an alley. He was a private person. He was firing towards the opposite corner.

Question. Can you say what he was firing at?

Answer. No sir, I did not see. There was a Panaman policeman about three paces from him who did not seem to try to stop him.

Q. The policeman saw him?

A. He must have seen him.

Q. Did the policeman fire at all?

A. No sir.

Q. What time was it then?

A. After the ball game.

Q. Will the witness say how he knows that the person that he saw come out of an alley and who, he says, was firing towards the corner in front of him was a native of this country?

A. I can say that he was a native because he was very dark.

Q. Will the witness say that he could not just as well have been a West Indian or Jamaican as a Panaman?

A. I cannot say where he came from as I was not near enough to him; the most I can say is that he was a resident of Colon and of the usual type."

With this declaration corresponds that of the soldier L. B. Burgess given on p. 104 of the dossier. Describing the entrance into action of the armed patrol, your excellency says that

"A member of the patrol, soldier Wells, seeing a Panaman policeman firing at the train, went hurriedly to a yard and urged him to stop shooting, after which the policeman aimed at Wells and fired one or two shots at him. Although these bullets missed their target, one of them entered the chest of James Deloughery, of Co. I, 5th Infantry, who was standing on the back platform of the last car of the train."

Very well, this soldier Wells (the same who later induced Lieut. Goetz to ask for the arrest of Policeman No. 3, Carlos Nuñez, indicating him as responsible for the death of Corporal Langdon), in his declaration made before the military authorities of the Zone, ratified under oath before the Governor of Panama on January 11, 1916, confesses that he cannot identify the policeman who killed Corporal Langdon, but that he can identify the one who was firing at the cars, i. e. who wounded the soldier Deloughery. Unfortunately, when the Panaman authorities shortly afterwards asked that Wells identify the man who wounded Deloughery, the military authorities of the Zone reported that he had already ceased to belong to the Army and that they did not know his whereabouts. But the soldier Deloughery was called to identify his alleged assailant and, on April 16, 1916, in the presence of 30 uniformed police, among whom was Carlos Nuñez, did not indicate him as his assailant, but indicated Lucas Garcés. The Superior Judge, Dr. D. Cervera, therefore, by an order dated June 17, 1917 ordered a confrontation of Deloughery and Garcés, which took place July 27 following, the former there declaring—under oath and over his signature—that although it seemed to him that the person who was present was the man who had fired at him he could not say so positively.

Almost at the same moment as this took place, Corporal Langdon was wounded by firearms and instantly killed "by a Panaman policeman", says your excellency. Such a categorical declaration, although it is fathered by the distinguished representative of the Government of the United States of America here, has the insuperable defect that it is not accompanied by the proof or proofs which the judge of the case, the prosecuting attorney and the jury rejected for arresting, accusing and condemning Nuñez at his trial. This is a matter more-over of hearsay testimony and, consequently, of no juridical value as to establishing thereby alone the culpability of an alleged homicide. The same reason that exists for saying that Corporal Langdon was killed by the Colon police

exists for saying that he was killed by the members of the armed patrols who were at that time considerably excited and making fire wildly and crazily. I reproduce below the declaration of Mr. Frederick Brid, p. 42 of the dossier:

"Question. Was there any firing?

Answer. I heard firing by the gringos, some three shots in succession at the police of this place.

Q. Was anybody wounded by these shots?

A. One American was wounded and died from this wound afterwards. I believe that this wound was inflicted by the bullets of his own American comrades.

Q. You then presume that the wounded man, who later died, was the victim of his own comrades?

A. Yes, sir, that is my opinion.

Q. You saw this American fall wounded?

A. I did not see him fall, I only saw him wounded.

Q. You saw him where he was before he was hit?

A. Yes, sir, I saw him and he was exactly towards the point whence his comrades were firing."

Another equally legitimate hypothesis is that Langdon was killed by shots fired by West Indians hidden in some neighboring house, as can be seen from the declarations already transcribed of the soldiers Cyrus L. Rhone and Leonard Burgess and of Capt. Bugbee. Since it cannot be affirmed with certainty who fired the shots which caused the death and the wounds inflicted that day on Americans and Panamanians, they may be attributed equally well to policemen, to private individuals or to soldiers. As exercise for the imagination, these three hypotheses are equally reasonable.

Your excellency alleges that seventy-five yards away from the special train "Sergeant Day was knocked down by a stone thrown by a Panaman." This assertion suffers from the same defect as the preceding one. If the proof that the aggressor of Sergeant Day was a Panaman had been produced during the trial, the judge would have taken note of the fact and would have taken steps for the trial of the responsible party. Nevertheless, the name of Sergeant Day is not mentioned a single time in the dossier, although fifty-eight officers and soldiers of the American Army made declarations before the Governor of this Province; and if nobody speaks of Sergeant Day, and nobody knew his assailant, how can it be known positively that the latter was a Panaman? But even supposing that it had been proved to satiety that Sergeant Day had been maimed in reality by a Panaman citizen, your excellency is not ignorant of the fact that in as bad or worse condition than the sergeant were many policemen, many Panaman private parties and West Indians, some of whom were wounded and bruised and incapacitated for work: Climaco Murillo, Miguel Navas, Miguel Panán, Luis Burat, José A. Martínez, Román Herrera, Carlos Nuñez, Rodolfo Beiberach, Siebert Evans, etc., not to mention the damage done to private property by the American soldiers, especially to the house of Mr. Benigno Palma, as stated in the official note of the Department to your Legation dated April 30, 1915, No. S-6496.

Your excellency calculates that the Panaman police fired thirty shots and the American soldiers five. A shot more or less, the quantity makes little difference to the case; what is important is the origin of the shots which caused personal damages and this is exactly what the judicial process and collateral administrative examinations have failed to reveal. Notwithstanding this, your excellency affirms, without the slightest reservation, that all the shots were fired by the Panaman police, all that killed an American soldier and wounded three others; and your excellency says it in a dogmatic tone which appears to show profound conviction. Nevertheless, it is not as your excellency thinks; and if it were, it is clear that there would be more than enough reason to censure the Panaman judicial authorities for manifest injustice. I will prove this.

The American soldier James Harrington, on p. 131, reverse side, of the dossier says:

"We heard some shots; we went where those sentinels were. There were three of them there. I went some five steps past the sentinel and somebody began to fire. I could see a part of the man who was firing. During this shooting the sentinel and I heard him say to somebody that this man was wounded; I returned and we took him again to the alley. The corporal was killed at the corner of 11th Street and Hudson Alley.

Question. Where was the private person whom you saw firing?

Answer. That man I saw firing at that moment was a private person standing in an alley, to the northeast of Hudson Alley, just north of 11th Street.

Q. Let the witness state what persons were throwing the stones that he saw?

A. I could not swear exactly to the persons who were throwing stones as I was some distance away, but I think that they were American soldiers, Panamanian private persons, and also Jamaicans.

Q. Did the witness see any firing at the soldiers?

A. Yes, sir, I saw a private person shooting, I do not know whether it was a Panamanian, a West Indian or a Jamaican.

Q. Was it at this time that the sentinel fell wounded by a gun-shot?

A. I am not sure, but it might have been from the shots which I saw this man fire, for he fired three times; I cannot say with certainty."

This declaration coincides with that of the soldier McManus already transcribed elsewhere, which says that, being near the corner of 11th Street and Hudson Alley, he saw a private person come out of an alley and fire.

And the soldier, L. B. Burgess, in his declaration, on p. 104, says: "There was someone firing from the upper part of one of the buildings near the train, he was on the north side of 11th Street. I could not say who he was because I did not see him." Asked by the investigating official "He who is asking questions knows that some shots were fired from balconies of houses near the place of the incident?" he answered: "A little below Hudson Alley I saw some firing from a balcony of a house."

This office does not wish to maintain that the American soldiers went to Colon with the premeditated intention of provoking conflicts and attacking private persons and police of the city, no; but it is undeniable that they provoked those conflicts, sometimes under the influence of liquor, as in the case of the soldier Fritz, and sometimes impelled thereto by wounded pride, as in the case of the blows, taunts and stone-throwing given to the small boys and Jamaican negroes leaving the ball game. And it appears to be demonstrated by the unanimous opinion of all the witnesses that the disturbances ceased as a result of the energetic action of the military officers and not owing to the spontaneous will of the soldiers, as your excellency insinuates. The officers compelled them against their will to withdraw from the field of operations and empty their pockets which were full of stones.

Yielding to the imperative voice of your conscience, your excellency recognizes that your Government is far from considering that all its soldiers were free from blame in those unfortunate events, but your excellency attempts in the next line to detract from the high moral value of this confession by adding that, in spite of everything, the use of firearms by the Panamanian police was absolutely unjustifiable. Although the shots of the policeman beaten in the incident in 10th Street, José A. Martínez, were fired in the air, as the American citizen Walter L. Smith declares on p. 163, and although the four shots of the police who were in the vacant lot at Broadway and 11th Street were likewise fired in the air, or at least "wounded nobody" as the American citizen Henry Sears of Cristobal declares on p. 24, still, if the matter is considered with serene mind, setting aside all national and racial prejudice, in the light of sane reason and of law, it is from all points of view impossible to condemn an agent of the public safety for firing in the air to put to flight the rioting crowds, or even for firing directly on them should the first remedy prove inefficacious and the life of the agent be in peril. This act has double justification: that of the individual who fights in his own defense and that of the representative of public authority who does not permit this to be mocked or attacked in his person.

The first part, as it might be called, of your excellency's note, devoted entirely to the story of the events according to reports collected by your Legation, being finished, there commences that which I venture to call the second part, dedicated to accusations against the judicial and administrative authorities of the Republic for the manner, conceived by your excellency to be imperfect, in which the investigation was carried out and the further steps of the trial taken up to the acquittal by the jury of the only man accused of the crime of homicide. And this second part, excuse me, your excellency, for saying it without circumlocution, is even more unjust than the first, for if any charge can be made against the Government of the Republic in this connection it can be only that of having carried to the last extreme condescension for the wishes, suggestions and intimations of your Legation and of the military authorities of the Canal Zone. It is correct to say that the Executive Power placed itself unconditionally at the service of your excellency's Government for the purposes of this investigation, and

this is the profound conviction which one acquires from reading the record of the proceedings. This direct intervention dates from the very day of the events, when Lieut. Goetz, aide to General Edwards, asked the police captain in Colon to arrest Policeman No. 3, Carlos Nuñez, simply because the soldier Wells had told him that this was the man who had killed Corporal Langdon.

Your excellency will remember that the soldier Wells could not be had when he was called to identify from a number the man who fired the shot which killed Langdon, and that of the fifty-eight military witnesses called to testify under oath before the Governor of Panama, only the pretended eyewitness, C. L. Wells, failed to answer the call of our authorities to make a personal identification. Moreover, the testimony of Wells on this point is particularly open to suspicion because he was the same soldier your excellency referred to previously who, on seeing a Panaman policeman firing at the train, hurriedly went to a yard and implored him to stop shooting, at which the policeman aimed at the soldier Wells and fired one or two shots, and although these missed their mark, one of them wounded the soldier James Deloughery of Company I, 5th Infantry, in the chest as he was standing on the rear platform of the last car of the train. It is very difficult to prove that one and the same man was at one and the same time the cause of the shots against the soldier Wells, of the wounds to soldier Deloughery and of the death of Corporal Langdon. Policeman No. 3 seems to have been chosen by the soldier Wells as the propitiatory victim for the unfortunate events of that day, and the judicial officials who took part in the cognizance of this matter could not follow blindly his passionate inspirations without verifying them minutely by submitting them to a severe analysis. They do not wish to dispose of the liberty and the honor of a man with the same lightness and carelessness with which, if we are to credit the American version, the Colon police disposed of the lives of others.

Lack of proof prevented the judicial authorities for ordering the legal detention of Policeman C. Nuñez, as requested by Lieut. F. C. Goetz, until owing to the vehement steps of your excellency my predecessor ordered his detention as an administrative measure, as a sign of deference and good-will toward the American Government. That detention was an act of pure gratification which under other circumstances would have caused the gravest consequences to the responsible official, since it was a step which should have been ordered only by the judge of the case if he found cause to act.

On April 5, 1915, three days after the events, your excellency proposed to our Government that the American and Panaman authorities take separately the declarations of the witnesses and communicate to each other the results of their proceedings; that a Panaman representative be present at the taking of testimony by the American military and an American representative be present at that by the Panaman Government. All this was agreed to and fulfilled. Mr. Inocencio Galindo, Jr., acted as the representative of our authorities and Capt. Fulton as representative of the American Government. But this was merely an administrative investigation which in nothing obligated the Panaman Judicial Power, which, according to our Constitution, acts independently of the Executive Power. The judicial officials had timely knowledge both of the investigation which the Subsecretary of Government and Justice, by order of the Executive Power, carried out in Colon, and of that which the military authorities of the Zone conducted, and took advantage of all the details thereof which could throw light on the investigation made by the 1st Judge of Colon. At the end of June 1915, it was already known that the investigations did not disclose sufficient proof for proceeding against any one and a suspension was momentarily expected when the first protests of your excellency against the deficiencies of the judicial investigations and against the mere possibility that Policeman Nuñez would be set at liberty, led the Government to use its influence with the judges to get them to broaden their investigations and give to those interested an opportunity to introduce the testimony they had missed. For this purpose my predecessor assembled in the yellow room of the Government Palace the most prominent members of the Judicial Power of the Republic, and steps were studied for reconciling the provisions of our laws with the desires which animated our Executive to conform to those of your excellency. According to our judicial code every dossier is secret and only the judge in the case and the prosecutor can examine it. Notwithstanding this, the Superior Judge of the Republic, as a matter of courtesy and in order to satisfy the written request of your excellency, offered to furnish to the American Legation the greatest possible quantity of information, and even invited it, through this office, to name a representative as a private prosecutor in the judicial proceedings which were being held. (See the note of this Secretaryship to your excellency of September 30, 1915.)

On October 7, 1915, the prosecutor is of the opinion that no proof whatsoever has been obtained from the investigation made, nor even any strong indication as to the persons who caused the death of Langdon, the wounds of the American soldiers and of the Panaman private persons and police, or the damage done to private property, and that under these circumstances, unless a broadening of the investigation should be ordered and give better results, an order of suspension would be imperative.

As your excellency complained at about the same time—groundlessly, it seems to me—that the voluminous testimony taken by the Zone authorities for the purpose of throwing light on these bloody events had been disregarded, the judicial authorities ordered that the investigation be broadened as recommended by the prosecutor along the lines suggested by your excellency. On December 6, your excellency informs this office that Capt. Oliver Edwards is appointed to represent the military authorities of the Zone and to attend at the broadened investigation which has been ordered, but without authority to take part in the proceedings; that your Legation names no representative and that the American Government declines to take any responsibility for the results of the proceedings. Nevertheless, it is undeniable that from the very beginning the Legation orientates, causes and inspires all this judicial action.

On December 11, 1915, there was held in this office a conference between my predecessor Mr. Lefevre, the Superior Judge of the Republic, the prosecutor of the case and Capt. Oliver Edwards, at which it was agreed that more than fifty American soldiers, whose testimony, in the opinion of the captain, might be of some value, should testify before the Panaman judicial authorities. The Superior Judge designated the Governor of the Province of Panama to take the testimony, he to act as an investigating official.

In March 1916 the fiscal issues a new opinion. In this he says that in the broadened investigation made no qualified witness had been found, nor any grave indications for accusing Nuñez, and that, the investigation having been exhausted, he asks that an order of suspension be issued.

During this same month your excellency complains to this Secretaryship (F. O. No. 285) that Lieut. Goetz has not been allowed to try a second time to identify from a number of others the presumed author of the death of Langdon and that only four soldiers were called to identify Nuñez. On account of this the Executive Power intervenes again with the prosecutor of the Superior Court and gets the judicial authorities not only to permit Lieut. Goetz to repeat his trial as often as he may choose, but also to extend this permission to as many soldiers as may wish to do so. Lieut. Goetz did not avail himself of the opportunity offered him, though it is not known why, but thirty-eight soldiers came to recognize the presumed assassin of Langdon, with the following result: thirty-three soldiers refused to even try to recognize him; the other five proceeded as follows: L. Burgess indicated Ernesto Bergatino; Harry Stacey indicated Isidoro Blanco; Earl Chaplon and Edward C. Foster indicated Agustín Arias P.; and only one, James Robinson indicated Carlos Nuñez, but stated that he was not sure that the person indicated by him was the same that Lieut. Goetz arrested in the belief that he had killed Corporal Langdon.

At the end of May the prosecutor reports that the broadened investigation has been unfruitful as regards the discovery of those guilty of the criminal acts and suggests that further steps be taken, which was done.

On October 1 following, the undersigned took charge of the Secretaryship for Foreign Affairs, and shortly afterwards received notice of the irregular position in which the ex-policeman Carlos Nuñez was held. This position was not long in taking shape. The Superior Judge, by an order of the 31st of the same month, called C. Nuñez to judgment and formally sent him to prison a year and a half after he had been illegally incarcerated, and on February 16 last the jury announced a verdict of acquittal.

The proceedings have lasted nearly two years, it is true, but not because there has been any desire on the part of our authorities to disturb the administration of justice by any dilatory proceedings, but rather in order to satisfy the repeated desires of your excellency, freely offering you opportunities to introduce new evidence. Each time that the judge or the prosecutor declared that the matter was ripe for decision, the investigation was broadened and everything possible was done to ascertain the truth and to be able to reach the conclusion which your excellency desired. For this reason no decision was rendered in October of 1915, nor in March of 1916, since each time your excellency intervened actively, rebelling against the probability of a suspension and suggesting new steps and confrontations to establish the proofs of guilt which from the very first moment it was impossible to obtain.

It is not possible for me to agree with your excellency that "whenever by chance any steps for identification were taken, they were taken in a superficial and uninterested way, as if without any purpose of throwing light on the facts." Lieut. Goetz, called to identify C. Nuñez in a crowd of prisoners, indicated Luis Vázquez; then, aware of his error, wished to repeat the trial, contrary to the legal provisions concerning the matter, and—naturally—the investigating official did not permit it. Your excellency complained of this prohibition to this Secretaryship by note No. F. O. 285, and I have already said that, out of personal deference to your excellency, the judicial authority then permitted not only that Lieut. Goetz repeat the attempt as often as he might choose, but that this be done also by the 58 soldiers whose testimony your excellency considered conclusive to establish with certainty who were responsible for the bloody happenings in Colon.

If all these circumstances are remembered, your excellency will yourself acknowledge the injustice of your remark that "if the action in the investigation and identification had been conducted energetically from the beginning, the apprehension and conviction of those responsible for the death of Corporal Langdon and the wounding of the three American soldiers would have been easily obtainable." The Panaman Judicial Power used all the elements of investigation at its own disposal, of those placed at its disposal by the Executive Power and of those copiously offered to it by the military authorities of the Canal Zone, whose administrative investigation in the Washington Hotel was in its essentials accepted, ratified and complemented by the Governor of the Province of Panama, acting as an investigating official, and incorporated in the dossier; and if the result of all this has been the acquittal of the only man brought to trial, it is not the fault of the Executive nor of the Judicial Power, any more than it is that of the American Legation in this capital, or of the military authorities of the Zone, whose patriotic zeal merits my greatest respect; all depends on the difficulty of establishing individual responsibilities in cases of rioting, crowds or tumults, and on the fact that the judicial officials and the Panaman citizens who composed the jury could not conscientiously condemn without proof, on merely the vague indications of no juridical value. It is a legal axiom familiar to your excellency that all doubt is in favor of the accused, and the honorable citizens chosen by lot to try Carlos Nuñez were not insensible to their moral duty to absolve the accused rather than condemn an innocent man.

After the favors showered by my Government on your excellency as to everything referring to the judicial investigation of the case in question, which I have related above, the satisfaction is very paltry which can be procured from the following declaration of your excellency:

"I am instructed to say that my Government does not believe that the competent authorities of the Panaman Government have deliberately hindered the administration of justice in this case."

This office, in its amazement, can do no more than take note of the injustice of the procedure of your excellency's Government in refusing to recognize the good offices which, with so great good-will, this Government lent it towards giving it complete satisfaction of its desires for justice as expressed through the medium of your Legation.

The "lack of sincerity and of activity" which your excellency twists against this Government as to the judicial performance which we are discussing, is likewise indefensible in the light of the facts, for your excellency must remember that if Americans were wounded in the affray in Colon, Panamans also were, and in greater number; and, nevertheless, the investigations of justice have been impotent to reveal a single one of the authors of those acts of violence. If such were the case, it would result that the Panaman Government had been deliberately indolent to the prejudice of its own citizens, and this hypothesis alone is enough to render any refutation superfluous. If it were an undoubted fact that the police of Colon committed without provocation all kinds of misbehavior and attacks against American citizens on April 2, 1915, and if the Judicial Power of the Republic had shown partiality or predisposition in investigating the case referred to, this Government would have anticipated other action by offering spontaneously to your excellency the reparation due; but neither is it proved that the Panaman police were the authors of the wounds of the American soldiers, nor were they the promoters of the disturbance; on the contrary, it is clear that they were the attacked and the outraged and that when they fired they fired in the air, in their own defense and out of respect for the public authority they represented. As to the action of the judiciary branch, nothing more could be wished for in the way of impartiality and purpose to throw light on the matter; and if it can be stigmatized for anything it is for not having followed from the

beginning its own information and inspirations but yielded to the lesser suggestions of your excellency, to the manifest detriment of its internal jurisdiction, but with the patriotic purpose of saving the country the onerous consequences of a diplomatic claim.

If the Panaman judiciary had acted with complete independence, free from all pressure from your Legation and from the military authorities of the Canal Zone; and if there had been noted in the verdict of the jury or in the proceedings which led up to it sufficient grounds to doubting its validity or correctness, your excellency's claim would be perfectly explained. But, as diplomatic action was forestalled by making itself felt from the beginning in the judicial action in the form described above, the Government of the Republic considers inexplicable the disagreement which your excellency shows to-day with the results of a procedure whose course was so many times delayed, altered and modified for the sole purpose of satisfying as far as humanly possible the desires of your Legation; and as regards Sergeants Day and Richeson, for whom your excellency in the name of your Government claims indemnization of a thousand dollars each, the high spirit of justice and equity which is traditional in the Government of your excellency would require that, in claiming indemnization of considerable size from our public treasury for its maimed soldiers, it should likewise manifest its readiness to indemnify in the same way and in like proportion the Panamans who were victims of the American soldiers on that day.

The undersigned does not doubt that a careful and serene analysis of the facts will bring to the mind of your excellency the conviction that in the present case there has been no refusal of justice on the part of the Panaman authorities, that the verdict of the jury was preferred with all regularity and within the rules of law, that there have been incurred no exaggerated delays for which no plausible explanation can be given and that likewise no case has arisen of odious distinction to the prejudice of the American citizens interested in the case. Under these circumstances, and taking into account the repeated acts of friendship and of good-will performed by the Panaman Government towards that of the United States of America in this deplorable matter, it is hoped that your excellency will reconsider the bases of your claim and recognize the correctness with which justice has proceeded in this country in everything regarding the search for the persons responsible for the events of April 2, 1915, giving thus a beautiful example of respect for the rights of a small and weak nation on the part of the largest and the most powerful one of our continent.

I avail myself [etc.]

NARCISO GARAY

RAILWAY AND ROAD CONSTRUCTION IN PANAMA: I. EXTENSION OF THE CHIRIQUI RAILWAY. II. CONCESSION TO BASIL BURNS DUNCAN FOR THE CONSTRUCTION OF A RAILWAY ALONG THE ATLANTIC COAST OF PANAMA. RESERVATIONS BY THE UNITED STATES. III. PROPOSAL BY PANAMA FOR THE CONSTRUCTION OF RAILWAYS AND ROADS JOINTLY BY THE UNITED STATES AND PANAMA.

I. EXTENSION OF THE CHIRIQUI RAILWAY

File No. 819.77/261

The Minister of Panama to the Secretary of State

[Translation]

727

LEGATION OF PANAMA,
Washington, July 28, 1916.

EXCELLENCY: Referring to several conferences had by me with Mr. J. Butler Wright, Chief of the Latin-American Division of the Department of State, at which we discussed the Chiriqui Railway built by the Government of Panama and the necessity of and advantage in extending that line to the point where a colony of American citizens under the direction of Mr. E. W. Staton started a settlement, I have the honor to inform your excellency that my Government, considering the interest shown by your excellency's Government through

Mr. Wright in the extension of the railway and convinced of the unquestionable utility of such an extension, has decided to undertake the work, provided it may in this count upon the effective cooperation of the Government of the United States.

The Chiriqui Railway undertaking, now carried to a successful end, could only be achieved with the moral and financial support extended to the Republic of Panama by your excellency's Government, and my Government hopes that in this matter of extending the line and bearing in mind the results already achieved, that support will be even more decided and efficacious than in the case of the building of the main road.

According to the arrangements made for the construction of the railway which are on file in the Department of State, the Republic of Panama contracted a loan of three million dollars redeemable in thirty years bearing five per cent interest per annum and secured, with the assent of the Government of the United States by the \$250,000 annuity belonging to the Republic under the Canal Treaty. The bonds were to be issued in instalments to pay for the work as it was progressing and there were accordingly three issues of seven hundred and fifty thousand dollars each, aggregating \$2,250,000. For the service of the interests and amortization of the loan, the Government of Panama assigned to the Farmers' Loan and Trust Company of New York a part of the Canal annuity amounting to \$190,258.61 and your excellency's Government agreed to the assignment and punctually paid the said sum to the assignees.

As the constructing engineer of the railway estimates the extension of the road by 18 miles will cost between \$400,000 and \$450,000, my Government wishes to know whether your excellency's Government is disposed to agree to an assignment of so much of the annuity as may be needed to meet the interests and amortization of the new issue for the extension of the railway.

With sentiments of the highest consideration, I am [etc.]

EUSEBIO A. MORALES

File No. 819.77/251

The Secretary of State to the Minister of Panama

No. 7

DEPARTMENT OF STATE,
Washington, December 22, 1916.

SIR: I have the honor to acknowledge the receipt of your Legation's note of July 28, 1916, in which reference is made to verbal conversations which were held by Minister Morales with Mr. J. Butler Wright, then Acting Chief of the Latin-American Division of the Department of State, in reference to the construction of an extension of the Chiriqui Railroad for a distance of eighteen miles from the town of David in the direction of Charco Azul.

The Department has noted the statement that the cost of the construction of this line will be between \$400,000 and \$450,000 and that your Government desires to know the position of the Government of the United States as to the setting aside of a part of the annuity to be necessary to pay the interest and amortization of the new emission of bonds the proceeds of which would be used for the construction of the extension of the railroad.

After careful consideration of the question the Department is of the opinion that an extension, such as outlined, would be of great benefit to the Republic of Panama and is disposed to approve an issue by your Government of 5% bonds to the amount of \$400,000, provided that adequate provision be made for the retirement of these bonds within thirty years of the date of their issue and provided that \$200,000 of that amount shall be delivered at the present time at a price not less than 97% par value, and that the delivery of the remainder of the issue shall be made with the approval of the Government of the United States when the money is required. The Department will approve the hypothecation of a sufficient amount of the income of the six million dollars belonging to the Government of Panama, permanently invested in New York, in order to secure the payment of the interest and amortization of this bond issue upon the condition that your Government will assure this Government that the sum realized will be expended only upon the eighteen miles of Chiriqui Railroad extension.

Accept [etc.]

ROBERT LANSING

File No. 819.77/261

The Minister of Panama to the Secretary of State

[Translation]

No. 996

LEGATION OF PANAMA,
Washington, December 26, 1916.

MR. SECRETARY: I have the honor to acknowledge receipt of your excellency's note No. 7 dated the 22d instant, and in reply beg leave to express my satisfaction at finding therein the Department of State's opinion of the projected construction of an 18-mile extension of the Chiriqui Railway which will prove of great benefit to the Republic of Panama and at knowing that the Department of State is disposed to approve an issue of 5% bonds by my Government aggregating \$400,000 provided that adequate provision be made for the redemption of those bonds within thirty years after the date of issue, that \$200,000 of the issue be delivered at not less than 97% of the face value and that the remainder will be delivered, when needed, with the approval of the Government of the United States.

This very important matter will, on this very day, be communicated to the Government of my country for its further action; but, in the meanwhile I will take the liberty of calling to your excellency's attention two probable errors in which your excellency's Government seems to me to have fallen in this case. The first is the idea that the railway is to be extended eighteen miles in the direction of Charco Azul from the city of David. I must say to your excellency that the eighteen miles from the city of David in that direction have already been built, that being one of the branches built in Chiriqui with the three previous issues of the loan. The projected extension is to be eighteen miles more or less and in the direction of Charco Azul but not from David; it is from the city of Concepcion which is the terminal of the railway branch under consideration.

The other probable error is that which deals with the hypothecation required as a security for the issue. Your excellency speaks of the sum of the six millions belonging to the Republic of Panama and invested in mortgages in the city of New York by order of the Panaman Government. Your excellency will remember that my Government negotiated a three million dollar loan with the National City Bank and the Farmers' Trust Co. of New York City for the construction of railways in the Republic of Panama, giving as security the annuity of two hundred and fifty thousand dollars which your excellency's Government pays to my country under the Canal Treaty. Of that loan there have been but three issues of seven hundred and fifty thousand dollars, and now it is proposed to make a fourth issue of four hundred thousand only, so that the surety for this last does not bear on the six millions above mentioned, but is the same surety pledged for the loan and the three issues already made which form part of it.

I trust that, if your excellency concurs in this view, you will be so good as to let me know in order that my Government be fully aware of the obligations it is about to assume.

Accept [etc.]

BELISARIO PORRAS

File No. 819.77/261

The Secretary of State to the Minister of Panama

No. 8

DEPARTMENT OF STATE,
Washington, January 4, 1917.

SIR: I have the honor to acknowledge the receipt of your note of December 26, 1916, in which further reference is made to the proposed extension of 18 miles, more or less, of the Chiriqui Railroad, to be built from the city of Concepcion in the direction of Charco Azul, and in which is set forth the method by which it is proposed to finance such contemplated extension.

Your attention is directed to the Department's note of December 22, 1916, in which it was stated that the Government of the United States is disposed to approve an issue by your Government of 5% bonds to the amount of \$400,000.00, provided that adequate provision be made for the retirement of these bonds within thirty years of the date of their issue and provided that \$200,000.00 of such amount shall be delivered at the present time at a price not less than 97% par value, and that the delivery of the remainder of the issue shall be made with the approval of the Government of the United States when the money is required.

In order to secure the payment of interest on this proposed bond issue and to provide for the amortization of the same, the Department will approve the hypothecation of a sufficient amount of the \$250,000.00 annuity which is to be paid by the Government of the United States to the Government of Panama under Article XIV of the Convention of November 18, 1903, with Panama for the construction of a ship canal. This approval of the hypothecation of this fund is made upon the condition that your Government will

assure this Government that the sum realized will be expended only upon the project of the eighteen miles of the Chiriqui Railroad extension.

Accept [etc.]

ROBERT LANSING

File No. 819.77/286

The Minister of Panama to the Secretary of State

[Translation]

LEGATION OF PANAMA,
Washington, August 1, 1917.

EXCELLENCY: I received on day before yesterday from the Secretary of Finance of my country a cablegram reading as follows:

Extension railway decided upon. Prepare the ground for fourth issue. Signed Hacienda.

This cablegram brings me evidence that my Government at last decided to extend the Chiriqui Railway in the Concepcion section which formed the subject of your excellency's important correspondence of December 22 of last year and of January 4 of this year.

Being ready to take the necessary steps with the Farmers' Loan and Trust Company of New York, with which the Government of Panama contracted the previous issues and with the National City Bank which has had options on the purchase of the bonds, I permit myself to apply to your excellency and to inform you of my Government's decision to extend the aforesaid Chiriqui Railway and to inquire whether your excellency's Government still is in the same excellent disposition to grant its approval of the new issue as it was in January last.

I am [etc.]

BELISANO PORRAS

File No. 819.77/286

The Secretary of State to the Minister of Panama

No. 38

DEPARTMENT OF STATE,
Washington, August 14, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 1st instant in which you advise the Department that your Government intends to extend the Chiriqui Railway in the Concepcion section and desires you to ascertain whether this Government is inclined to view favorably the contract entered into with the Farmers' Loan and Trust Company of New York for a new issue of bonds for the purpose above mentioned.

I have the honor to say in reply that this Department is agreeable in principle to a further issue of bonds for the purpose specified in your note.

Accept [etc.]

ROBERT LANSING

File No. 819.77/288

Minister Price to the Secretary of State

[Extract]

No. 1513

AMERICAN LEGATION,
Panama, August 13, 1917.

SIR: I have the honor to report that the Panaman President has issued a decree perfecting legal technicalities necessary prior to the issuance of the \$750,000 balance of bonds remaining after the completion of the Pedregal-David-Conception-Boquete Railway, better known as the Chiriqui Railway, for the construction of the branch line to same in which Mr. W. C. Staton and Messrs. Eccles, Browning and others of the Amalgamated Sugar interests of Utah are interested. I enclose a copy and translation of the decree. The Panaman authorities are preparing to have surveys made and preliminary work carried out apparently with promptness. Mr. W. C. Staton has recently been here urging action on the part of the Government.

I have [etc.]

WM. JENNINGS PRICE

[Inclosure—Translation]

Decree No. 69 of 1917 (of August 8) by which is dictated a regulation concerning the issuance of bonds of the Chiriqui National Railroad

The President of the Republic, using the powers given him, and considering:

1. That there are deposited with the Farmers' Loan and Trust Company of New York seven hundred and fifty bonds of one thousand dollars each, part of the total issue of three million dollars created by the trust document made November 2, 1914, by the Government of the Republic on the one part and by the Farmers' Loan and Trust Company and William Nelson Cromwell, trustees, on the other;

2. That the said bonds are signed with the lithographed signature of the then President of the Republic, Dr. Belisario Porras, and with the autographed signature of the then Minister in Washington, Dr. Eusebio A. Morales; and that it is necessary that the signatures of said gentlemen be adopted by decree of the Executive Power in order that the bonds may be issued in conformity with Article 1 of the trust document;

3. That registered bonds Nos. 125 to 300 are in the same situation; decrees:

Article 1. There are declared adopted by the Government as perfect for emission coupon bonds Nos. 2251 to 3000 inclusive, and registered bonds Nos. 125 to 300 inclusive, which are deposited with the Farmers' Loan and Trust Company of New York, and which form part of the total emission of three million dollars created by the trust document signed in New York November 2, 1914, by Dr. Eusebio A. Morales, Minister of the Republic in the United States of America, in his character of special delegate of The Farmers' Loan and Trust Company, and William Nelson Cromwell.

Article 2. For the effects of the preceding article and in conformity with the first clause of the trust document, there are adopted the signatures of Dr. Belisario Porras, then President of the Republic, and of Dr. Eusebio A. Morales, the Minister in Washington and special delegate, as sufficient to give validity to said bonds on the date on which they may be issued and the same as if said gentlemen were at present or on the day the issue may be made filling the offices which they filled when the bonds were signed.

Article 3. Let an original copy of this decree be sent to the trustees for its corresponding effects.

Let this be published and communicated.

Given in Panama this eighth day of August 1917.

RAMON M. VALDES
The Secretary of Finance and Treasury,
AURELIO GUARDIA

II. RAILWAY CONCESSION TO BASIL BURNS DUNCAN

File No. 819.77/265

Minister Price to the Secretary of State

No. 1207

AMERICAN LEGATION,
Panama, December 21, 1916.

SIR: I have the honor to report that Mr. Basil Burns Duncan of this city visited the Legation to-day and stated that it was his desire to present, as soon as possible, to the National Assembly, his application for a concession to construct a railroad along the Atlantic coast of Panama between the mouth of the Chagres River and Chiriqui Lagoon, and that he desired to advise me of his intention so that the Department of State might have due notice of it.

It will be remembered that this concession has been asked for by Mr. Duncan several times in the past and has been refused pursuant to objections lodged, as I understand, by our military authorities.

It seems that Mr. Duncan took this matter up direct with the Departments of State and War in the early part of this session of the National Assembly. He showed me a letter from the Department of State under date of October 17 last, stating that his letter of October 2, relative to a projected railroad in the Province of Chiriqui, had been referred to the War Department for appropriate comment. As I understand from Mr. Duncan his letter, to which the Department's communication was an answer, was with reference to the projected railroad mentioned above, and that his plans do not comprehend any railroad building in the Province of Chiriqui, and that this reference has likely resulted from the fact that one terminus of the road is intended to be near the Chiriqui Lagoon, which, though bearing the name Chiriqui, lies on the Atlantic side in the Province of Bocas del Toro.

He showed me letters, also, from the Washington office of the Panama Canal, under date of December 2, from the Acting Governor of the Panama Canal, under date of December 5, and from the Adjutant General of the War Department, under date of November 27, respectively, all to the same effect, and the text of the last one mentioned being as follows:

2493519

WAR DEPARTMENT,
THE ADJUTANT GENERAL'S OFFICE,
Washington, November 27, 1916.

Mr. B. B. DUNCAN, *Box 383, Ancon, Canal Zone.*

DEAR SIR: Referring to your letter of September 30, 1916, relative to the construction of a projected railroad near the Atlantic coast in Panama, I am directed by the Secretary of War to inform you that there is no objection from a military point of view to a concession for the construction of such a railroad from near the mouth of the Chagres River to the Chiriqui Lagoon, but that the construction of a branch line to Penonomé, or anywhere in that vicinity, is not favorably considered. The military authorities, and the authorities in charge of the Panama Canal have been informed accordingly.

Very respectfully,

(Signed)

WM. M. CRUIKSHANK,
Adjutant General

Inasmuch as the present session of the National Assembly is supposed now to adjourn the latter part of January (though the ses-

sion may again be extended) Mr. Duncan is anxious for as prompt an expression as possible from the Department.

I have [etc.]

WM. JENNINGS PRICE

File No. 819.77/268

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, January 26, 1917.

I have to acknowledge receipt of your letter of January 18, 1917,² enclosing a copy of a despatch from the American Minister at Panama, referring to Mr. B. B. Duncan's desire to present to the National Assembly of Panama his application for a concession to construct a railroad along the Atlantic coast of Panama between the mouth of the Chagres River and the Chiriqui Lagoon. As shown by the letter to Mr. Duncan, quoted in the American Minister's despatch, this subject has heretofore been considered by the War Department, having been brought to its attention by the Governor of the Panama Canal. The concession which Mr. Duncan then desired included the construction of a main line of railroad from near the mouth of the Chagres River to the Chiriqui Lagoon and of a branch line to Penonomé. It is believed that such a branch line might prove detrimental to the defense of the Canal, and for that reason a concession for its construction was not favorably considered by the War Department. If the construction of this branch line, or any other branch line, in the same vicinity, is eliminated from the application for a concession, there is no objection, from a military point of view, to the concession being granted.

NEWTON D. BAKER

File No. 819.77/268

The Secretary of State to Minister Price

No. 346

DEPARTMENT OF STATE,
Washington, February 14, 1917.

SIR: Referring to your No. 1207, of December 21 last, stating that it is the desire of Mr. Basil Burns Duncan of Panama City to present to the National Assembly of Panama his application for a concession to construct a railroad along the Atlantic coast of Panama between the mouth of the Chagres River and the Chiriqui Lagoon, I have to say that the Department has received a letter from the Secretary of War, to whom your despatch was referred, in which he states that in a previous application the concession which Mr. Duncan then desired included the construction of a main line of railroad from near the mouth of the Chagres River to the Chiriqui Lagoon and of a branch line to Penonomé. The Secretary of War adds that:

It is believed that such a branch line might prove detrimental to the defense of the Canal, and for that reason a concession for its construction was not favorably considered by the War Department. If the construction of this branch line,

²Not printed.

or any other branch line in the same vicinity, is eliminated from the application for a concession, there is no objection, from a military point of view, to the concession being granted.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 819.77/275

The Secretary of State to Minister Price

[Telegram]

DEPARTMENT OF STATE,
Washington, March 8, 1917, 4 p. m.

Did concession for railroad granted to Duncan include branch line to Penonomé or anywhere in vicinity? Report fully by cable and state what action, if any, National Assembly has taken in connection therewith.

LANSING

File No. 819.77/275

Minister Price to the Secretary of State

[Telegram]

AMERICAN LEGATION,
Panama, March 9, 1917, 5 p. m.

Your March 8, 4 p. m. The National Assembly has given Duncan the railway concession, but the provision for specific branch line was not included, however the following provision appears which Duncan claims is for the purpose of affording the opportunity to construct short side lines to banana and other plantations:

The contractor is authorized to construct branch railroads at any time, and to any length, and in any direction that he may think convenient, and which he considers necessary for the development of the enterprise, being guided always by the stipulations of this contract; but in order that the contractor take advantage of the privileges granted in this article he shall be obliged, when he thinks the construction of a branch line necessary, first to solicit by writing the authorization of the executive power in order to begin the work of surveying and construction.

The concession, which is seventy-five years, cannot be transferred to any foreign Power, nor without approval of Panaman Government to anyone else. The National Assembly is due to adjourn on March 15.

PRICE

File No. 819.77/277

Minister Price to the Secretary of State

[Extract]

No. 1290

AMERICAN LEGATION,
Panama, March 10, 1917.

SIR: I have the honor to enclose a copy of the translation of the concession² awarded to Mr. Basil Burns Duncan for the construction

² Not printed.

of a railway on the Atlantic side of Panama extending from the mouth of the Chagres River in the direction of Chiriqui Lagoon. This became a law on last Monday.

The concession is, with the exception of a few changes, the same as was evidenced by what was known as Contract No. 70, of December 30, 1912, and which was an enclosure with despatch No. 281 of this Legation of the date of January 8, 1913.⁵

Article 2 of said concession, which was quoted in my cablegram of yesterday 5 p. m., relating to the construction of branch lines will be found included in said original contract.

The Department's instruction No. 346 of February 14 was not received by this Legation until the 28th day of February, which was after the law mentioned had passed the National Assembly in all three debates. I made inquiry again and was again assured that the law contained no authorization for the construction of the branch line mentioned, to which the Department was not favorable.

The Article 2, referred to above, would seem broad enough to authorize the building of a branch line to Penonomé or constructing them anywhere else. Mr. Duncan, with whom I have conferred again since the receipt of the Department's cable of March 8, 4 p. m., declares to me that said article was inserted in the original contract and retained for the purpose of authorizing the construction of short side lines to banana plantations or lumber camps and that he expressly left out any authorization for a specific branch to Penonomé or its vicinity. I reminded him of his assurances to me that the bill contained no provision authorizing a branch line to Penonomé or its vicinity and I expressed the opinion that this article left in the bill was quite broad enough to cover such a construction. He declared that such was not the intention and that he was willing to enter into any satisfactory arrangement with our Government by writing or otherwise which would prevent the concession being construed as authorizing the branch line referred to and as would limit the branch lines authorized to short side lines for the purposes set out above.

I have [etc.]

WM. JENNINGS PRICE

File No. 819.77/278

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, March 27, 1917.

1. I am in receipt of a letter from your Department inclosing a paraphrase of a telegram from the American Minister to Panama, reporting the passage by the National Assembly of Panama, of a concession to Mr. B. B. Duncan, for railroad construction in that Republic, and quoting a provision relating to the construction of branch lines.

2. As stated in my letter to you, dated January 26, 1917, the War Department believes that the construction of branch lines in certain localities might prove detrimental to the defense of the Canal. The

⁵For. Rel. 1913, p. 1082.

provision quoted in the telegram of March 9, 1917, from the American Minister, grants to the contractor a much more liberal and comprehensive authority for the construction of branch lines than has heretofore come to the notice of this Department.

Under it, the contractor may build such lines at any time, to any length, and in any direction, subject only to the restriction that each line must first be authorized by the Executive Power. This concession would permit, unless forbidden by the Executive Power, branch lines which might afford approach from the coast toward the Canal Zone, or even a line across the Isthmus in direct violation of our treaty with Panama.

3. It is manifest that to safeguard the interests of the United States, some agreement should be made with the President of Panama, to the effect that no authorization for the construction of a branch line should be given until the United States Government has been consulted and assented thereto. There will doubtless be many branch lines desired which from their location would not affect the defense of the Canal, and action under such an agreement would be facilitated if certain officers stationed in Panama were designated with plenary power to act for our Government. I believe the interests of the United States would be safeguarded if the American Minister to Panama, the Governor of the Panama Canal, and the Commanding General, United States troops, Canal Zone, were so designated. I suggest, therefore, that the American Minister to Panama be instructed to endeavor to make an agreement with the President of Panama under which no authorization for a branch line under the Duncan concession shall be granted until the United States Government, through its Minister, has assented thereto; that if such agreement is made, the Minister be further instructed, when any such concession is submitted to him, to consult with the other two officers above named; that when their opinion is unanimous, the President of Panama be informed of the views of this Government in accordance with their decision, and if there is any disagreement the question be referred to the State and War Departments for final action.

NEWTON D. BAKER

File No. 819.77/278

The Secretary of State to Minister Price

No. 362

DEPARTMENT OF STATE,
Washington, April 4, 1917,

SIR: Referring to previous correspondence regarding the railroad concession granted by Panama to Mr. B. B. Duncan, I enclose a copy of a letter from the Secretary of War discussing the subject.

You are instructed to endeavor to make arrangements with the President of Panama under which no authorization for a branch line under the Duncan concession shall be granted until the United States Government through you has assented thereto. Should you succeed in making such agreement, you are further instructed that when any concession is submitted to you you should consult with the Governor of the Panama Canal and the Commanding General of the United States forces in the Canal Zone. Should your opinion be unanimous, you may advise the President of Panama in accordance with your

decision. Should there be any disagreement, the question should be referred to this Department and the War Department for final action.

I am [etc.]

For the Secretary of State:
FRANK L. POLK

File No. 819.77/282

Minister Price to the Secretary of State

No. 1349

AMERICAN LEGATION,
Panama, April 21, 1917.

SIR: Supplementing my despatch No. 1290, of March 10, relative to the concession awarded Mr. Basil B. Duncan, by the National Assembly of Panama, for the construction of a railway on the Atlantic side of Panama, I have the honor to enclose copy of a letter from Mr. Duncan, declaring that there was eliminated from the concession the authorization for a branch line to Penonomé; that the branch lines permitted to be constructed under Article No. 2 of the concession are understood to be incidental short lines for the purpose of reaching banana, sugar and other plantations, and will be extended only to such distances as are necessary to reach such plantation grounds, and giving the assurance that it will be his aim and pleasure to work in harmony with the Government of the United States and its representatives on the Isthmus, and that such will be the spirit of the company which he hopes to form to build the railway referred to.

I have [etc.]

WM. JENNINGS PRICE

[Inclosure]

Mr. Duncan to Minister Price

PANAMA, April 11, 1917.

SIR: Referring to our conversation at the American Legation relative to my railroad concession from the Panama Government, I beg to confirm my statement to you regarding any possible branch roads referred to in said contract.

I here repeat that the suggestion of a branch line to Penonomé as originally anticipated, was at once eliminated on receipt of information from the War Department to the effect that such branch road would not be favorably considered by said Department.

The branch lines admitted as per Article 2 of contract, refer to working branches, with the view of developing banana, sugar or other planting industries and would only be extended to a distance necessary to reach such plantation grounds.

As you will note in the copy of contract (Art. 2) which I furnished you, no branch road can be constructed by the concessioner without the consent and approval of the Chief Executive (President) of the Republic, who undoubtedly would not give his approval to any additional extension of road contrary to the wishes of the American Government, which you represent.

Furthermore, I desire to assure you that it would be my aim and pleasure to work in harmony with my country's Government (The United States) and its representatives on the Isthmus, and such will be the spirit of the company which I shall form to build the railroad under consideration.

I have [etc.]

B. B. DUNCAN

File No. 819.77/280

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, April 30, 1917.

1. I am in receipt of a letter from the Counselor of your Department dated April 4, 1917,² inclosing a despatch from the American Minister at Panama, with which he forwards a copy of a translation of a concession awarded by the Republic of Panama to Mr. Basil Burns Duncan for the construction of a railroad on the Atlantic side of Panama, extending from the mouth of the Chagres River in the direction of Chiriqui Lagoon.

2. The concession includes the privilege of constructing branch lines of any length and in any direction; also the privilege of establishing ports, wharves and landing places.

3. As stated in my letter to you dated January 26, 1917, the War Department believes that the construction of branch lines in certain localities might prove detrimental to the defenses of the Canal.

4. The copy of the concession granted to Mr. Duncan, forwarded with the American Minister's despatch, grants to the contractor a much more liberal and comprehensive authority for the construction of branch lines, ports, wharves and landing places, than has heretofore come to the notice of this Department.

Under it, the contractor may build such lines at any time, of any length, and in any direction, subject only to the restriction that each line must first be authorized by the Executive Power of the Republic of Panama.

He may establish ports, wharves and landing places in connection with the railroads and branch lines of which the contract treats, subject to the restriction that authority to establish same shall be granted by the Panama Government to the contractor by means of a special contract, in accordance with the stipulations of Law 82 of 1904.

5. In my letter to you on this subject dated March 27, 1917, I suggested that an agreement be made, if practicable, with the President of Panama, whereby the American Minister to Panama, the Governor of the Canal Zone, and the Commanding General, U. S. troops, Canal Zone, acting together in the interest of the Government of the United States on these matters, should be permitted to pass on all projects for the construction of branch lines, before the President of the Republic should grant authority, under the terms of the concession for such branch lines.

6. At the time of writing the above-mentioned letter, the full text of the concession was not at hand.

It is therefore now suggested that the agreement heretofore proposed be made to include not only questions concerning the construction of branch lines, but also questions concerning the establishment of ports, wharves and landing places, and such other questions as may arise, from time to time, in the development of the project under the terms of the concession, the character of which, in the opinion of the officers named to represent the United States, assume aspects prejudicial to the interests of the United States.

²Not printed.

7. The War Department believes that the agreement proposed is essential to the proper protection of this Government's interests and to the future amicable relations between our Government and the Republic of Panama.

NEWTON D. BAKER

File No 819.77/284

Minister Price to the Secretary of State

No. 1420

AMERICAN LEGATION,
Panama, June 9, 1917.

SIR: I have the honor to report that, in compliance with the Department's instruction No. 362 of April 4, directing me to attempt to obtain from the President of Panama an agreement in writing that no branch roads would be approved by him under the railroad concession granted by the last National Assembly to Basil B. Duncan without the approval of our authorities having been first obtained, I took the matter up with the Foreign Office first verbally, feeling that was the best method of explaining and of obtaining the consent desired. I later addressed a formal note, a copy of which I enclose.

While Secretary Garay has indicated to me that he believed there would be no hesitation on the part of the President in complying with the wishes expressed by the Department, I have not as yet received a response to my note.

I have [etc.]

WM. JENNINGS PRICE

[Inclosure]

Minister Price to the Minister for Foreign Affairs

AMERICAN LEGATION,
Panama, June 2, 1917.

EXCELLENCY: Adverting to our conversation upon the same subject, I have the honor to refer again to the matter of the authorization contained in the concession granted to Mr. Basil Burns Duncan by the last National Assembly for the construction of a railway along the Atlantic side of the Isthmus and in the section of Panama lying between the Panama Canal and Costa Rica.

It will be remembered that considerable negotiation and correspondence have taken place in the past between our respective Governments relative to this concession, and that one quite similar was withdrawn on two occasions from the National Assembly in past years, as the result of the same being then considered by my Government inimical to the proper defense of the Canal and contrary to our treaty rights.

In a correspondence between Mr. Duncan and my Government last year objection was waived to the granting of the concession conditional upon there being eliminated the authorization to construct branch lines in a manner, which might be objectionable from the standpoints mentioned above. It would seem that Mr. Duncan refrained from asking to have incorporated in the concession the right specifically to construct a branch to Penonomé, but there was included in the concession, as will be seen from Article 2 thereof, an authorization for the building of branch lines of such a general character that the construction of same "at any time and of any length and in any direction" is permitted, a solicitation of the authorization of the Executive Power of Panama in writing being first made.

My Government feels that the provisions of Article 2 under the recognition of its interest and rights in this matter, already heretofore accorded by your excellency's Government, entitles it to request that there may be formally noted,

as was done for instance in the note from the Foreign Office of Panama No. S 5556 of January 30, 1915, relative to the use of certain funds authorized by the National Assembly of 1914-1915, that the use of the authorization embodied in said Duncan concession for the construction of branch railway lines will not be permitted by His Excellency, the President of Panama, without the consent of my Government through this Legation being first obtained. There, of course, can be no objection to such short branch lines as may be known as working branches for reaching banana, sugar and other plantations in the general neighborhood of the railway.

I enclose a copy of a letter from Mr. Duncan expressing his willingness and his good intentions with reference to this matter.

I am instructed to say, therefore, that it will be most pleasing to my Government if His Excellency, the President of Panama, may find it agreeable to have your excellency make reply that the use of the prerogative accorded him by Article 2 of said concession will be exercised only in accordance with a joint concurring action on the part of my Government.

I avail myself [etc.]

WM. JENNINGS PRICE

File No. 819.77/285

Minister Price to the Secretary of State

No. 1431

AMERICAN LEGATION,
Panama, June 16, 1917.

SIR: Supplementing my despatch No. 1420 of June 9, enclosing a copy of my note to the Panaman Foreign Office requesting an agreement on the part of the President of Panama not to approve the construction of branch roads in connection with the railroad concession to Mr. Basil Burns Duncan, which was sent pursuant to the Department's instruction No. 362 of April 4, I have the honor now to enclose a copy and translation of a formal note from the Panaman Foreign Office by which it is agreed that the Executive Power will not make use of the prerogative granted to it in Article 2 of the said concession, that is to authorize the construction of branch lines, without having first come to an agreement with our Government.

I have [etc.]

WM. JENNINGS PRICE

[Inclosure—Translation]

The Minister for Foreign Affairs to Minister Price

PANAMA, June 15, 1917

MR. MINISTER: I have the honor to acknowledge the receipt of your kind note F. O. No. 427, of the 2d instant, in which your excellency again refers to the concession granted by the last National Assembly to Mr. Basil Burns Duncan, authorizing him to construct a railroad along the Atlantic coast of the Isthmus, crossing the section of Panama situated between the Panama Canal and Costa Rica.

Your excellency declares that in the correspondence which took place last year between Mr. Duncan and the Government of the United States, the latter agreed not to oppose the making of this contract, to which it had objected on two previous occasions, on condition that there be eliminated therefrom the authorization to construct branches which might be undesirable from a certain point of view; and your excellency calls attention to the fact that, although nothing was discussed as to the building of a branch to Penonomé, the right to carry this out appears in Article 2 of the concession granted to Mr. Duncan, mentioning later that you do not wish by this remark to indicate that the Legation does not agree to the general sense of the concession which permits the construction of branches at whatever time, and in whatever direction for whatever length, provided that a written request be made to the Executive Power of Panama.

Your excellency ends by stating that your Government understands that the provisions of Article 2, bearing in mind the recognition made by this Government on previous occasions of the interest of the United States of America in this matter, give it the right to ask for a formal declaration that the use of the authorization incorporated in said concession for the construction of branches will not be permitted by His Excellency the President of Panama, without his having come to an agreement with the Government of the United States.

In reply, I have the honor to inform your excellency formally, complying with instructions of the Most Excellent President of the Republic, that the Executive Power will not make use of the prerogative which appears in Article 2 of the concession under discussion, without having first come to an agreement with the Government of your excellency.

I thank your excellency for the copy of the letter of Mr. Duncan which you kindly sent me, and gladly avail myself [etc.]

NARCISO GARAY

File No. 819.77/285

The Secretary of State to Minister Price

DEPARTMENT OF STATE,
Washington, July 2, 1917.

SIR: The Department has received your No. 430 of the 16th ultimo in which you report that you have received a note from the Panaman Foreign Office agreeing that Panama will not authorize the construction of branch lines from the railroad to which Mr. Basil B. Duncan has obtained a concession without having first come to an agreement with this Government.

The Department is gratified to learn that the desired agreement has been reached.

I am [etc.]

For the Secretary of State:
WILLIAM PHILLIPS

III. RAILWAY AND ROAD CONSTRUCTION JOINTLY BY THE UNITED STATES
AND PANAMA

File No. 819.77/259

Minister Price to the Secretary of State

[Extract]

No. 1175

AMERICAN LEGATION,
Panama, November 27, 1916.

SIR: I have the honor to enclose a copy and its translation of a bill introduced Saturday in the National Assembly of Panama,* authorizing the President of Panama to construct railroads and wagon roads throughout the Republic of Panama, by means of a special understanding with the United States, and to construct other works. One of the premises of the bill as will be seen from the third article is that the United States has an interest in possessing railroads and wagon roads for the purpose adequately of facilitating the defense of the Canal and of the Republic of Panama whose integrity they are obliged to maintain.

I have [etc.]

WM. JENNINGS PRICE

*Not printed, see inclosure to note from Panaman commission of April 27, 1917, p. 1196.

File No. 819.77/270

*The Acting Secretary of War to the Secretary of State*WAR DEPARTMENT,
Washington, January 31, 1917.

SIR: Referring further to my letter of December 26, 1916,² in acknowledgment of your letter of December 16,² enclosing for my comment a copy of a dispatch from the American Minister at Panama forwarding a copy and translation of a bill introduced in the National Assembly of Panama authorizing the President of Panama to construct railroads and wagon roads throughout the Republic by means of a special understanding with the United States:

I have consulted with the officials of the Panama Canal with reference to the desirability of taking advantage of the offer of Panama for cooperation in the construction of wagon roads and railroads and am advised that while the construction of highways and railroads in the Republic of Panama would obviously be of much assistance in the development of that country under proper circumstances, it does not appear essential that the United States should make any considerable expenditure for those purposes at the present time except such as might be found desirable from a military point of view. The formulation of a scheme for the land defense of the Isthmus is now under consideration and I have no doubt that such roads and railroads as may be considered by the military authorities as essential to the land defense of the Canal will be recommended and estimated for in their final report.

I am of the opinion that it would neither be proper nor desirable that the Republic of Panama should cooperate with the United States in the construction of such roads as may be found desirable for military purposes. Such roads in my opinion should be constructed and paid for wholly by the United States. Any lines of communication that are not essential for the defense of the Canal but which are advisable for the developments of the Republic of Panama should, in my judgment, be constructed and maintained wholly at the expense of Panama.

Very respectfully,

WM. M. INGRAHAM

File No. 819.154/17

Minister Price to the Secretary of State

[Extract]

No. 1337

AMERICAN LEGATION,
Panama, April 12, 1917.

SIR: I have the honor to report that Señores Don Eusebio A. Morales, and Julio Arjona Q., will leave on next Monday for Washington as members of a special commission appointed by the President of Panama to confer with the proper authorities at Washington for the purpose of attempting to effect an arrangement for the joint construction by the United States and Panama of railroads and wagon roads

²Not printed.

in the Republic of Panama. This mission is authorized by a law enacted at the sessions of the late National Assembly of Panama.

I have [etc.]

For Minister Price:
CHARLES B. CURTIS

File No. 701.1911/128

The Minister of Panama to the Secretary of State

[Translation]

LEGATION OF PANAMA,
Washington, April 27, 1917.

MR. SECRETARY OF STATE: Messrs. Eusebio A. Morales and Julio Arjona Q. arrived day before yesterday at this Capital. Mr. Morales, as your excellency knows, was my predecessor, Envoy Extraordinary and Minister Plenipotentiary of Panama near your Government. Señor Arjona was mayor of the city of Panama for the last two years. Both gentlemen have been sent hither by the Government of my country on a special mission and have important propositions to lay before your excellency. The Government of Panama has done me the honor to appoint me president of that commission, wherefore, and the matter in hand being one of some consequence to my country, I beg your excellency to be pleased to grant us an audience at which the new arrivals may hand you their credentials and to talk over the object of their mission with your excellency.

Be pleased [etc.]

BELISARIO PORRAS

File No. 819.154/19

The Panaman Commission to the Department of State

[Memorandum—Translation]

LEGATION OF PANAMA,
Washington, not dated [April 27, 1917?].

The present European war and its spreading to the American continent by involving the United States has brought into evidence the pressing necessity for Panama to develop her agricultural production in order not only to free her from dependence on some other distant country for the food of her people but also to turn her into a safe reservoir of provisions of all kinds for the armies that defend the Canal.

Panama is a tropical country where land may be found fit for the most varied cultivation, as plants of the temperate zones may be acclimated at various altitudes. Its soil also permits of cattle raising on a large scale. (As to these points, see Appendix A.²)

Notwithstanding these favorable conditions of climate and geographical situation, Panama produces but very little and her population is not growing at the rate that was to be expected from the proximity of the Canal, because of the lack of ways of communication.

Some American authorities who do not know the country and whose opinions are based on what they see on the map insist that

²Not printed.

the sea must be Panama's best and cheapest way of communication. That opinion is in a large measure erroneous. Along the whole of the Pacific Coast the country has but three or four small sea ports of little consequence. All the other ports so called are but channels of sounds or rivers which no vessel can enter except at high tide which on the Panaman coast is eighteen feet higher than the low tide.

On account of this lack of harbors and the hampering effect of the tides, navigation in Panama cannot be as easy and cheap as in other countries. If, for instance, a steamer had to call at the ports of Pedregal, Horconceitos and Remedios, but a few miles distant from one another in the province of Chiriquí, it would have to leave the first port at high tide on any day, cast anchor in the open sea, and proceed on her way so as to arrive at Horconceitos with the first high tide of the next day; if she has to land or take cargo there she will be compelled to wait for the next high tide in order to leave and again lie at anchor in the open off the entrance to the port of Remedios until the next high tide brings her the opportunity to arrive at destination. To leave that port she has again to wait for the high tide. Thus the distance between those ports which on land could be traveled in a few hours by rail means a long delayed trip by sea, and the delay adds to the cost, dangers and uncertainties of the traffic.

The result of this peculiar condition of the Panaman coast is that certain regions of the country are entirely cut off from one another. A resident of Chepo, a town lying near the Bayano River, never has the facility or opportunity to visit the town of Puebla, near the Costa Rican border, and on account of this absence of contact the useful beneficent interchange of commodities between those regions is never created.

Now what the country needs is not the intermittent and uncertain contact afforded by vessels occasionally calling at certain ports; what it needs is the daily contact with the great center of consumption and exportation furnished by the cities of Panama and Colon and such a daily contact can only be brought into being by a railroad laid in the Isthmus along the Pacific slope. Of course there must also be built cart roads converging on the railway line which they are to feed, and also another highway lengthwise so as to reach the final result of establishing a dual system of transportation by rail and automobiles connecting all the sections of the country.

In considering these remarks the Government of the United States might inquire: Of what interest is it to the United States whether or no Panama has railways and cart roads? Why does not the Republic of Panama try and solve for itself those questions in which it is directly concerned?

Panama's answer is easy and in our judgment conclusive.

The United States of America has assumed the solemn obligation to maintain and guarantee the sovereignty and independence of the Republic of Panama upon which lies the corresponding duty to provide for its own defense so as to lighten the fulfilment of the duty to protect assumed by the United States, and to cooperate with all its resources in the defense of the Panama Canal so as to maintain intact that great highway of commerce in the service of the world.

But how can the two countries perform their reciprocal obligations of protection, common defense and cooperation if Panama lacks ways

of communication over which troops and implements of war may be safely and speedily carried to any threatened point? How could the country and the canal be defended and protected if the country has not at its disposal public highways on land which would foster its industrial and agricultural output with the result that a large store of foodstuffs of all kinds would be at hand within the country.

The United States may contend that it is easy and practicable for it to send victuals over to Panama but it must not dismiss the contingency of a war with one maritime Power or more which would at least involve the provisioning of the Canal Zone in doubt and danger, nor from a human standpoint can it leave out of consideration the fate that may befall the Panamans left isolated in the interior and exposed to starve to death or to being overpowered and annihilated by an invader whose sole aim would be possession of the Canal.

The most elemental notions of the theory of defense for the Panaman territory and the Panama Canal coincide in establishing for the two countries an absolute and complete unity of interest and purpose. The United States can have no other interest in respect to Panama than that of seeing our country turned into a producing center of food products and into a prosperous and strong nation which its population and own resources would make an appreciable element in the defense of the Canal. To the Republic of Panama it is of vital interest that the nation which protects its sovereignty and independence should possess effective means of reaching any point of the national territory that may be threatened, and its ambition cannot be gratified as long as the country lacks railways and cart roads.

Inspired by these ideas and actuated by what it deems to be the harmonious interest of both countries the National Assembly of Panama enacted Law 44 of 1916 (Appendix B) which authorizes the Executive Power to conclude with the Government of the United States an agreement under which the railways and cart roads that the two countries need for economic, industrial and strategic purposes may be built.

Having made this brief statement, the Panaman Commission separately submits to the Government of the United States the propositions which in its judgment meet the situation in which the two countries are placed. If these propositions are accepted they will tend to producing between Panama and the United States a sentiment of fraternity stronger and firmer than that which now happily prevails.

BELISARIO PORRAS
EUSEBIO A. MORALES
JULIO ARJONA

[Inclosure—Translation]

APPENDIX B

Art. I. The Republic of Panama and the United States of America declare it to be in the common interest of both countries to build railways and certain cart roads in the Panaman territory and therefore agree to contribute in equal shares to the cost of building the said works, under the terms of this convention.

Art. II. Immediately upon ratification and the exchange of ratifications of this Convention, the Government of the United States will appoint from its service a commission of military engineers who shall decide upon the best route for

a railroad running lengthwise over all the Panaman territory on the Pacific slope from the Costa Rican frontier to the Colombian frontier.

The same commission will also survey for cart roads connecting the capital of Panama with the other provinces of the country that may have strategical importance for the defense of the Canal.

The Government of Panama will deliver to the said military commission all the surveys, plans and estimates of the Panama-David Railroad made in 1910 by the Panama Railway Company.

Art. III. The commission of engineers referred to in the foregoing article will, when the best route for the longitudinal railroad shall have been determined and adopted and the cart roads to be built shall have been surveyed, report its conclusions to the Government of Panama with which it will perfect the arrangements requisite for the earliest possible start.

Art. IV. The Government of Panama will place at the service of the commission, with suitable guard and safeties, all the prisoners and convicts that may be put on public works, Panama assuming exclusive charge of the feeding, outfitting, quartering and transportation of the said prisoners and convicts and their guards.

Art. V. The commission of military engineers shall give employment on such construction work as may be undertaken to the Panaman engineers recommended by the Panaman Government so that they may gain experience in that class of work.

Art. VI. In order to enable the Republic of Panama to meet the payment of its share in the work contemplated by this Convention, the High Contracting Parties agree that the United States of America will advance to the Republic of Panama forty of the \$250,000 annuities which Panama is receiving under Article [XIV] of the Treaty of November 18, 1903, for the construction of the Canal. The said sum shall be considered as deposited in the Treasury of the United States of America from the date of the ratification of the Convention and, under the deduction hereinbelow stated, shall be payable to the order of the commission of military engineers in charge of the construction works, in the manner which will be agreed upon by the two Governments through an exchange of notes as to the method of payment.

As the Republic of Panama has pledged the said annuity of \$250,000 to secure a loan of \$3,000,000 out of which bonds for \$2,250,000 only have been issued, the High Contracting Parties agree that out of the aggregate of the annuities advanced as provided by this Article there shall be held in reserve in the Treasury of the United States the amount required for the amortization of and interest on the loan in the manner agreed on in the contract signed by the Republic of Panama and the Farmers' Loan and Trust Co., under date of November [2], 1914.

Art. VII. The United States of America undertakes to contribute to the building of the longitudinal railroad of Panama and cart roads recommended by the commission of military engineers in the amount of one-half of the cost of the said work, for which purpose it will appropriate a sum equal to that which may be left available of the advance to Panama of the annuities referred to in the foregoing Article. If upon completion of the work there should remain a surplus out of the half contributed by the Republic of Panama still in deposit in the Treasury of the United States, the said surplus shall be delivered to Panama.

Art. VIII. The railway when built shall be the property of the Republic of Panama but will be managed by the High Contracting Parties through a board composed of four members, the Presidents of the two countries each appointing two. The board shall appoint a manager who may or may not be one of its members.

In the event of an international war in which the United States of America or the Republic of Panama is a belligerent, the United States of America will be at liberty to take military possession of the railroad in order to facilitate the defense and protection of the Panaman territory and Canal of Panama. As soon as peace is restored, the railroad will revert to civilian management.

In the event of military occupation, the United States will be responsible for any damages done to the road by reason of such occupation and will cause all needed repairs to be made at its expense and without any delay.

Art. IX. The cart roads built out of the common fund which the two Governments may agree to create in accordance with Articles * * * shall be the exclusive property of the Republic of Panama, but the United States shall have free use thereof at all times.

File No. 819.77/283

The Panaman Commission to the Department of State

[Additional Memorandum—Translation]

LEGATION OF PANAMA,
Washington, May 5, 1917.

In addition to the arguments advanced in the memorandum of April 27 last of the Panaman Mission to the Department of State to demonstrate the necessity and propriety of building railways and cart roads in Panama, the Panaman Mission wishes to draw the attention of the Government of the United States to the special advantage of building the railway from the city of Panama to the border of Costa Rica as one of the links of the great Pan American Railway and as the sole way of communication by land between the United States and the Panama Canal.

At the last Pan American Financial Conference held at Buenos Aires in April 1916 and attended by the Honorable William G. McAdoo, Secretary of the Treasury, the matter of the construction of the Pan American Railway was made the subject of a special recommendation to the American Governments and the Panaman Mission believes that this offers the opportunity to act upon that recommendation in so far as it concerns the Panama section.

Panama has completed the surveys of the road, and all that is needed to start work is that some arrangement be arrived at by the two countries in regard to providing the funds required for its execution.

By way of presenting a more concrete statement of its Government's wishes, the Panaman Mission supplements its previous memorandum as follows:

The Mission holds that the roads from Panama to the Chepo District, as far as the bank of the Bayano River, from Panama to Agua Dulce and from Panama to Puertobelo are strategic roads necessary to the defense of the Canal.

The Mission likewise holds the Panama-David Railway to be also indispensable for the defense of the Canal and Panaman territory.

Those roads while being strategic further tend to stimulate and increase on a large scale the production of food products in the Panaman territory and thus to expand the public wealth and economic power of Panama.

The Panaman Mission has proposed to divide equally between Panama and the United States the cost of building those roads and that arrangement it considers to be the most equitable.

In order to contribute toward carrying out the plan, Panama needs to receive from the United States an advance of forty annuities of the Canal Treaty, viz., a sum of ten million dollars from which there shall be deducted the unredeemed part of the loan of 1914, secured by the said annuities under the contract made with the Farmers' Loan and Trust Company of New York.

This advance may be made by the Government of the United States under the Act which empowers the Secretary of the Treasury to make loans to countries at war with the German Empire.

BELISARIO PORRAS
EUSEBIO A. MORALES
JULIO ARJONA

File No. 819.154/21

The Secretary of War to the Secretary of State

WAR DEPARTMENT,
Washington, June 11, 1917.

Receipt is acknowledged of letter of April 21, 1917,² from the Counselor, State Department, informing this Department that the Government of the Republic of Panama had enacted a bill authorizing the President of Panama to construct railroads and wagon roads throughout the Republic, by means of a special understanding with the United States, and that a commission consisting of Mr. Eusebio Morales and Mr. Julio Arjona had sailed for the United States for the purpose of conferring with officials of this Government regarding road building in Panama pursuant to the law that has been enacted by their Government.

This matter, having received careful consideration, the War Department takes the view that such road building as our Government may decide upon in Panama, should be undertaken solely as the question affects the defenses of the Canal, and that this Government should bear the entire expense of such work.

The War Department's plans contemplate considerable road construction beyond the limits of the Canal Zone, and into the Republic of Panama as protective measures in the defense of the Canal. Undoubtedly these roads, when constructed, will lend themselves to the development of the industries of the Republic of Panama, and it is hoped that arrangements may be made, in the future, with the Panaman Government whereby the citizens of the Republic may enjoy the free use of the roads constructed under an agreement that will provide for the upkeep of such roads, in part, at the expense of the Panaman Government.

It is requested that the commissioners from Panama, who are, it is understood, now in Washington, be informed that the War Department desires to defer consideration of the cooperation they offer now, until such time, in the future, after road construction has commenced when the drawing of an agreement, such as is proposed above, may be a proper subject for consideration.

NEWTON D. BAKER

File No. 819.154/23

*Lieutenant Colonel Brown to Mr. Stabler*³

[Memorandum]

THE PANAMA CANAL OFFICE,
Washington, June 20, 1917.

Referring to our recent conferences with the Panaman Commissioners with regard to the construction of military roads in Panama, the following program has been approved by the War Department:

²Not printed.

³By a memorandum dated June 23, 1917, the contents of this letter were communicated to the Panaman Commission.

Southeast Area: Radial road from Sabanas Police Station into the Chagres Valley and up to San Juan on the Pequeni—25 miles. Road parallel to and in rear of the position Old Panama-Cerro Pinon, 12 miles. The Panaman Government should surface the stretch of road from the Tapia River to Pacora, built by the military, and extend same to Chepo.

Southwest Area: Radial road from Corozal via La Boca-Far Fan Beach permanent ferry (to be installed as a part of the communication system recommended) to Chorrera, via Cabra Mountain-Calera Mountain Saddle; with branch to Arraijan; thence to Compana, terminating in rear of the position Cermenocompana—36 miles. Lateral road from Capira to Protrero—2 miles.

Northeast Area: Radial road from the present Mount Hope-Fort Randolph road, near Majagual, to Porto Real—8 miles. Lateral and intercommunicating roads along and in rear of the Santa Reta position—6 miles.

Northwest Area: Radial road from Gatun Dam to Cano Saddle—8 miles. Roads paralleling the Lagarto and Indio positions—12 miles.

In accordance with the request from the War Department I am forwarding the papers in the matter to the Governor of the Panama Canal with request that he prepare estimates of the cost of the construction of these roads with a view to having such estimates presented for the action of Congress at an early date, and I will advise you when same is received.

EARL I. BROWN,
Corps of Engineers, U. S. A., Chief of Office.

P. S.—You will probably recall that Mr. Morales suggested that in addition to the above the United States extend the road from Panama to Pacora as far as Chepo on the Bayamo River. I am requesting the Governor to include this extension in his estimate of cost and if the expense is not too great, the extension will probably be granted. I would suggest that for the present you inform the Commission that this extension is under consideration and the decision will not be arrived at until estimates of cost have been prepared.

B.

File No. 819.154/26

The Minister of Panama to the Secretary of State

[Translation]

LEGATION OF PANAMA,
Washington, July 27, 1917.

EXCELLENCY: Upon receipt of your excellency's memorandum⁹ answering, after conscientious expert study of and mature reflection on the subject, the memoranda of April 27 and May 15 last of the Panama War Commission of which I had the honor to be president, I hastened to forward a copy of it to the Secretary of State of my country and I have just now received his instructions directing me to say to your excellency how highly my Government values the reception accorded to the Commission by your excellency and the final decision of the Government of the United States to build, without cost to Panama, the roads needed for the defense of the Canal, some of which, laid without the Zone, must prove positively beneficial to Panama.

The outcome of the discussion of the road question in the Commission being that the roads are to be built by engineers, foremen

⁹ See footnote to letter from Lieut. Colonel Brown to Mr. Stabler, dated June 20, 1917, p. 1201.

and laborers chosen by your excellency's Government, that is to say, under your Government's direction and paid out of funds of the Treasury of the United States, it is clear that the setting of the date on which the work is to begin lies in the discretion of your excellency's Government, and it is also clear that it is for its officials and agents in the Canal Zone or those it may send from this country to decide as to the direction, kind or quality, and other particulars of the mode of construction. Yet owing to the beneficial consequences to my country, my Government wishes to know, if possible, when the roads are to be begun, whether it shall be at an early date, and whether Panama may indulge the hope to see in the near future a realization of what has heretofore been but a dream on account of her scanty resources. The circumstance that those roads which my country needs, so much more now than ever, by reason of the World War, for the unbroken and speedy transportation of all the commodities for which there is such a demand in Panama and Colon and in the Canal Zone itself which are grown outside of the Zone and far from those cities in our territory, enhances our desire that the work on the roads be started at once, without any delay. Can your excellency tell me whether it is going to be done now or in the near future? If you can, you will give me great satisfaction and the news will fulfill the highest hopes not only of my Government but also of all in my country.

Be pleased [etc.]

BELISARIO PORRAS

File No. 819.154/26

The Acting Secretary of State to the Minister of Panama

No. 33

DEPARTMENT OF STATE,
Washington, August 3, 1917.

SIR: I have the honor to acknowledge the receipt of your note of the 27th ultimo² in which, under the instruction of your Government, you ask when the work on the road system of Panama is to be commenced.

In reply I have the honor to say that the subject of your note is receiving consideration.

Accept [etc.]

FRANK L. POLK

File No. 819.154/28

The Secretary of War to the Secretary of State

The Secretary of War presents his compliments to the Honorable the Secretary of State, and acknowledging receipt of his letter of August 3, 1917,¹ inclosing translation of a note from the Panamanian Minister at this capital, in which, under the instruction of his Government, he asks when the work on the road system of Panama is to be commenced, has the honor to inform the Secretary of State that the papers in this case were forwarded to the Governor of the Panama Canal on June 20, 1917, with request that he prepare estimates for the construction of the roads herein referred to, it being

¹Not printed.

the understanding of this Department that these estimates are to be included in the regular estimates for the fiscal year 1919.

WAR DEPARTMENT,
Washington, August 17, 1917.

File No. 819.154/28

The Secretary of State to the Minister of Panama

No. 41

DEPARTMENT OF STATE,
Washington, August 24, 1917.

SIR: Referring to your note of July 27 last, and to Department's reply of August 3, regarding the matter of the proposed construction by the United States of a road system in Panama, I have the honor to enclose for your information a copy of a letter from the Secretary of War in which he states that the papers were forwarded to the Governor of the Panama Canal on June 20 and that he was instructed to prepare estimates for the construction of the roads mentioned therein, it being the understanding of the War Department that the estimates are to be included in the regular estimates for the fiscal year, 1919.

Accept [etc.]

ROBERT LANSING

RUSSIA

POLITICAL AFFAIRS. REVOLUTION. ABDICATION OF THE EMPEROR. FORMATION OF A PROVISIONAL GOVERNMENT. RECOGNITION OF THAT GOVERNMENT BY THE UNITED STATES

File No. 861.00/289

Ambassador Francis to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Petrograd, March 17, 1917.

Revolutionary movement actuated by bread riots and factory strikes broke out in Petrograd on the 12th after several preliminary disturbances during the previous weeks. Disorders accentuated by street fighting between mutinous regiments and loyal troops, the latter of which soon joined the popular movement as did all regiments sent to Petrograd. Demonstration then became general against former Imperial Government and particularly against the police, army officers and officials who declined to acknowledge the new authorities. Street fighting from Monday until Wednesday with comparatively light casualties but instances of atrocious murders of former officials. No Americans reported injured.

Strong committee of Duma under leadership president of that body immediately assumed control and arraigned before it all except two of former Imperial Ministry and many other officials. Official committee of twelve divided between the Duma members and social democrats now apparently forming Provisional Government and have appointed a new Cabinet of which Minister for Foreign Affairs is now exercising functions. City is now quiet and situation apparently under control, only menace being possible socialistic demonstrations by minority socialist group. The movement is understood to be general throughout the Empire and known to be practically unanimous in Moscow. The papers of to-day authoritatively publish abdication of Czar on behalf of himself and his son in favor of his brother, Grand Duke Michael, who is credibly reported to have stated that he will accept the power if the people so desire.

FRANCIS

File No. 861.00/281

Ambassador Francis to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Petrograd, March 17, 1917, 3 p. m.

1103. Abdication of Emperor and King for himself and son officially promulgated. It advocates vigorous prosecution of the war which it fears internal turmoils threaten to affect unhappily and states:

In accordance with the Imperial Duma we have considered it well to abdicate the throne of the Russian Empire and to renounce the supreme authority. Not wishing to part with our beloved son we transfer our inheritance to our brother the Grand Duke Michael Alexandrovitch and bless [omission] on mounting the throne of the Russian Empire.

Milioukov is recognized by the Foreign Office staff. High member of staff tells me Emperor's brother replied would accept Imperial Office if Russia so desired and would exercise its functions under direction of representatives of the people. Workingmen's committee still inveighing against monarchy and demanding social republic. Orderly quiet prevails to-day, no dissensions reported throughout all Russia. Summers says revolutionary party in absolute control Moscow without bloodshed.

FRANCIS

File No. 861.00/287

The Russian Ambassador to the Secretary of State

[Translation]

RUSSIAN EMBASSY,
Washington, March 18, 1917.

MR. SECRETARY OF STATE: I have the honor to transmit herewith a copy of a communication which I have just received from the Minister of Foreign Affairs at Petrograd.

I take this occasion to renew [etc.]

G. BAKHMÉTEFF

[Inclosure—Translation]

The Minister for Foreign Affairs to the Russian Ambassador

The news sent forth by the telegraphic agency of Petrograd has already apprized you of the late events and fall of the former political régime in Russia which lamentably collapsed before the popular indignation aroused by its shiftlessness, abuses and criminal improvidence. The unanimity of resentment created among all the sound elements of the Nation by the order of things now removed perceptibly lightened and shortened the crisis. All these elements having with admirable enthusiasm rallied under the flag of the revolution and the army having given it speedy and effective support, the national movement has in not more than eight days gained a decisive victory. This quick achievement happily made it possible to reduce the number of victims to proportions unknown in the annals of so far reaching and momentous upheavals. By an act dated in Tskov March 2/15, 1917, Emperor Nicholas II renounced the throne for himself and the heir Grand Duke Alexis Nicolaevitch in favor of Grand Duke Michael Alexandrovitch. Upon being notified of that act, Grand Duke Michael Alexandrovitch by an Act dated in Petrograd March 3/16, 1917, in turn declined to exercise the Supreme Power until a Constituent Assembly created on the basis of universal suffrage shall have established the form of Government and the new fundamental law of Russia. By the same Act Grand Duke Michael Alexandrovitch bade the Russian citizens, pending the final manifestation of the will of the Nation, to bow to the authority of the Provisional Government constituted on the initiative of the Duma of the State and wielding full power. The composition of the Provisional Government and its political program have been published and forwarded to foreign lands. That Government which assumes power during the gravest foreign and domestic crisis experienced by Russia in her history is fully conscious of the immense responsibility that rests upon it. It will give its very first attention to remedying the grievous shortcomings it inherited from the past, to insuring order and tranquility in the country, to preparing in fine the requisite conditions for a free expression of the sovereign will of the Nation as to its future fate. In the field of foreign policies, the Cabinet in which I have taken the portfolio of Minister for Foreign Affairs will continue to respect the international undertakings made by the

fallen régime and will redeem Russia's word. We shall carefully cultivate the relations which bind us to the other friendly and allied nations and we are confident that those relations will grow more intimate and stronger under the new régime established in Russia, which has determined to be guided by the democratic principles of respect due to people, whether small or great, the freedom of their development and the good understanding among nations.

PETROGRAD, *March 5/18, 1917.*

MILIUKOV

File No. 861.00/284

Ambassador Francis to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Petrograd, March 18, 1917, 8 p. m.

1107. The six days between last Sunday and this have witnessed the most amazing revolution. A Nation of two hundred million people who have lived under absolute monarchy for more than one thousand years and who are now engaged in the greatest war ever waged have forced their Emperor to abdicate for himself and his heir and have induced his brother to whom he transferred the Imperial Authority to accept it on condition that a constituent assembly of the people so request and when so accepted to exercise its functions under authority of the Government framed by that assembly. This is official information obtained by my personal unofficial calls to-day on Rodzianko at his residence and Milioukov, Minister for Foreign Affairs, at his office. No opposition to Provisional Government which is Council of Ministers appointed by committee of twelve named by the Duma. Absolute quiet prevails here and throughout Russia so far as known. Rodzianko and Milioukov both assure me that the entire army accepts the authority of Provisional Government and all appearances and advices confirm same. Plan of provisional Government is to call a constituent assembly or convention whose members will be elected by the whole people and empowered to organize a good government. Whether that will be republic or constitutional monarchy is not decided but the conclusions of the assembly will be accepted universally and enforced by the army and navy. No concerted action in diplomatic conference; no meeting held or called. It has been customary for British, French and Italian Ambassadors to call daily together at the Foreign Office and they called upon Milioukov Friday, yesterday and to-day but have not formally recognized the Provisional Government. Milioukov tells me confidentially that Buchanan has authority from his Government for recognition but is waiting till Italian and French Ambassadors are likewise authorized. I request respectfully that you promptly give me authority to recognize Provisional Government as first recognition is desirable from every viewpoint. This revolution is the practical realization of that principle of government which we have championed and advocated, I mean government by consent of the governed. Our recognition will have a stupendous moral effect especially if given first. Rodzianko and Milioukov both assure me that provisional Government will vigorously prosecute the war; furthermore upon Russia's success against the Central Empires absolutely depends the salvation of the revolution and the perpetuity of the government it

establishes. The third of the eight principles in the manifesto issued announcing the new Ministry and signed by the President of the Duma and all of the ministers is, "abolition all class, religious and national limitations".

Answer.

FRANCIS

File No. 861.00/284

The Secretary of State to Ambassador Francis

[Telegram]

DEPARTMENT OF STATE,
Washington, March 20, 1917, noon.

1271. Your 1107, March 18. Please call on Milioukov, Foreign Minister of the new Government, and ask for an appointment with the head of the Provisional Government to acquaint him with the desire of this Government to open relations with the new Government of Russia. At your interview state that the Government of the United States recognizes the new Government of Russia, and that you, as Ambassador of the United States, will be pleased to continue intercourse with Russia through the medium of the new Government.

LANSING

File No. 861.00/330

Consul Winship to the Secretary of State

[Extract]

No. 274

AMERICAN CONSULATE,
Petrograd, March 20, 1917.

SIR: I have the honor to report that as a result of serious economic political and military disturbances, the government of this city and district has been completely assumed by an Executive Committee of the Imperial Duma, at least for the time being.

On the beginning of the week of March 4, a shortage of black bread was noticeable. This at once caused unrest among the laboring classes. All other prime necessities within the means of the working classes had already gradually disappeared as the winter advanced: meat, sugar, white flour, buckwheat, potatoes. Fish, fowls, eggs, milk, cheese and butter had for a long time been so expensive that they were only within the means of the very well-to-do classes. The unrest first took visible form in the outskirts and factory districts of the city Wednesday, March 7, when the workmen struck after the dinner hour and met in groups to discuss the situation.

The next day, Thursday, March 8, there were spontaneous and isolated demonstrations. In many places, a few of the working class, mostly women, tired of waiting in bread lines in the severe cold began to cry "Give us bread". These groups were immediately dispersed by large detachments of mounted police and cossacks.

March 9, large crowds of women marched to the Kazan Cathedral (opposite the Consulate) with bared heads, still crying for bread and

shouting to the police "Give us bread and we will go to work". This crowd was peaceable and was dispersed.

Saturday morning the crowds, composed of working men and students, visibly with a serious purpose, came from all districts to the center of the city. Besides calling for bread, these crowds shouted "Down with the Government", "Down with the Romanoffs", and occasionally "Down with the War". The mounted police endeavored to drive the mobs from the Nevsky, the main street, but resistance was made and barricades built on the side streets. The police withdrew after firing on and charging the crowds with whips without success. Their place was taken by infantry who fraternized with the people. Announcement was made by the police that after 6 o'clock that day, all groups of persons would be fired upon. The crowds did not disperse, and street battles took place, especially on the Nevsky, resulting in great loss of life.

At this time the infantry and cossacks refused to fire on the crowds or to charge them. Towards evening a detachment of cossacks actually charged and dispersed a body of mounted police.

Sunday, when it became known that the Emperor had prorogued the Duma and that it had refused to recognize this order, there was disorganized and sporadic fighting all over the city, with heavy loss of life. The unmounted police were withdrawn from the streets. Many regiments which had been locked in their barracks mutinied during the night, killed some of their officers, and marched to defend the Duma, which was still sitting.

By Monday the disorganized riots developed into a systematic revolutionary movement on the part of the working men and the constantly growing numbers of mutinied troops, to capture the city of Petrograd. The fighting moved rapidly across the city from the Duma as a center, so that by Monday night, only isolated houses and public buildings, upon which machine guns were mounted, were held by the police and the few remaining loyal troops. At midnight the Duma had announced that it had taken the Government into its own hands and had formed an Executive Committee to be the head of the temporary Government.

Tuesday and Wednesday the fighting was confined to volleys from machine guns fired by the police from the isolated housetops, public buildings and churches, and the return fire by the soldiers, such fighting continuing until all police were taken. Violence necessary in arresting Government, army and police officials, took place at this time.

I shall make only a limited number of observations on the political situation leading up to the economic situation in this district, it being supposed that the Embassy has already cabled a report in the matter.

Immediately following the assumption of national authority by the Executive Committee of the Duma, the Council of Workmans' Deputies challenged its exclusive authority. This council is a body which existed secretly during the old régime and represented the revolutionary workmen. Spontaneously a third authority appeared in the Council of Soldiers' Deputies which soon merged with the workmans' council under the name of the Council of Workmens' and Soldiers' Deputies.

Tuesday, Wednesday and Thursday, (the 13th, 14th and 15th,) were, up to the present, the most critical times of the revolution, when

there was immediate danger of civil war in Petrograd between the Duma and the Council of Workmen's and Soldiers' Deputies. This crisis passed however, when, late on Thursday afternoon, a provisional agreement was reached. This agreement was based on a temporary Ministry chosen from the members of the Duma with a political program of eight points:

1. Immediate political amnesty.
2. Immediate freedom of press, speech, meeting, the right to strike; these rights to be extended to soldiers in so far as compatible with military organization.
3. Immediate abolition of all caste, religious and race disabilities.
4. Immediate preparation for a constitutional convention to determine the permanent form of National Government.
5. Immediate substitution of militia with elective officers, under control of local self-governing bodies in place of the old police system.
6. Election to local self-governing bodies by universal direct, equal and secret suffrage.
7. Retention of arms by the revolutionary soldiery, the soldiery not to be removed from Petrograd.
8. Retention of strict military discipline during actual service with full civil freedom to soldiers when not on duty.

On the 2d of March the Emperor abdicated for himself and for his son in favor of his brother, the Grand Duke Michael. On the 3d the Grand Duke Michael declined the throne unless it should be offered him by the Constitutional Convention. This again averted further civil war as it put all parties in agreement to await the Constitutional Convention.

The old police which was maintained by the National Government as a part of the Ministry of the Interior, has been replaced by the City Militia, a volunteer organization under the auspices of the National Duma and the Board of Aldermen. It is now maintaining order throughout the city and cooperating with the Commissariats in the various wards. The Commissariats are under the control of the Council of Workmen's and Soldiers' Deputies, which still sits in conjunction with the National Duma.

Passport regulations for foreigners have not been changed and are controlled by a new Gradonatchalnik (Chief of City or Chief of Police) who is now, as formerly, dependent on the Ministry of the Interior.

A new Mayor has been chosen by the Aldermen. He is attempting to control and improve the local food supply which is again the danger point as at the beginning of the revolution. All necessities have to be brought to Petrograd from the provinces and a serious food shortage now exists. If it is not relieved at once it will cause further serious disorders capable of developing into new revolutionary movements with greater socialistic tendencies than heretofore.

To-day, March 20, for the first time in ten days, a very few electric street cars are running but not enough to constitute a resumption of the service. The workmen have not returned to the factories as was hoped.

I have [etc.]

File No. 861.00/294

Ambassador Francis to the Secretary of State

[Telegram]

AMERICAN EMBASSY,
Petrograd, March 22, 1917, 4 p. m.

1120. Your 1271 received March 22, 10 a. m. Earnest congratulations, hearty thanks. Called on Milioukov 11 a. m. who is arranging for Ambassador to meet President of Council of Ministers this afternoon. President will be accompanied by Council of Ministers and I by my staff, including military and naval attachés in full uniform. Milioukov delighted at our recognition and much pleased that we are the first. This formal presentation is my suggestion which Milioukov heartily approves saying that moral effect will be great. Workmen returning to work; tramways operating. The Government has every indication of system, having sent representative to the Embassy who said arrangements about perfected for supplying scarcity of food through established depots and gave location of office to which the Embassy should apply if it met difficulty in procuring supplies.

FRANCIS

File No. 861.00/296

Ambassador Francis to the Secretary of State

[Telegram—Extract]

AMERICAN EMBASSY,
Petrograd, March 22, 1917, 9 p. m.

1124. Accompanied by Embassy suite was received by Council of Ministers 4.30 p. m. After introduction by Milioukov spoke as follows:

Mr. President of the Council of Ministers:

I have the honor as American Ambassador and as representative of the Government of the United States accredited to Russia, to state in accordance with my instructions that the Government of the United States recognizes the new Government of Russia and that I, as Ambassador of the United States, will be pleased to continue intercourse with Russia through the medium of the new Government. May the cordial relations existing between the two countries continue to obtain and may they prove mutually satisfactory and beneficial.

Every Minister present except Minister of War who out of city. Milioukov replied expressing great gratification and saying it was first formal recognition of new Government; was highly appreciated and would have great moral effect, *et cetera*. Have since heard that British and French Ambassadors formally recognized Government in note sent to Foreign Office 3 p. m., but I had formerly recognized Government in interview with Milioukov at 11 a. m.

FRANCIS

File No. 861.00/365

Ambassador Francis to the Secretary of State

No. 657

AMERICAN EMBASSY,
Petrograd, March 26, 1917.

SIR: In my unnumbered despatch of yesterday,¹ I gave the details and sequence of my recognition on behalf of our Government of the new Government of Russia.

¹Not printed.

I have the honor to forward herewith copies of the correspondence between the American Embassy and the Foreign Office on the subject.

I have [etc.]

D. R. FRANCIS

[Inclosure]

The Minister for Foreign Affairs to Ambassador Francis

PETROGRAD, March 25, 1917.

MR. AMBASSADOR: By a note of the 9th/22d instant, your excellency was good enough to set forth the circumstances accompanying the recognition by the American Government of the Russian Provisional Government, that is to say, that your excellency, having received on March 9th/22nd instructions from your Government to formally and officially recognize this Government was good enough to call on me at eleven o'clock in the morning of the same day to inform me of the said decision of the Government of the United States and that the same day, at half past four in the afternoon, having come to the Council of Ministers with the staff of the Embassy, you were officially introduced by me to the Premier as well as to the Council and were good enough on that occasion, according to the instructions of your Government, to officially communicate the news that the Government of the United States recognizes the Russian Provisional Government.

I have the honor to thank you for this courteous communication and would appreciate it if you would kindly transmit to the Federal Government the lively gratitude of the Russian Provisional Government for the proof of friendly sympathy which the United States has been good enough to extend through its decision to the new democratic régime established in Russia.

I am certain that henceforth the ties of traditional friendship which unite our countries will become still closer and imbued with greater confidence for the good of the two Nations.

Be good enough to accept [etc.]

PAUL MILIOUKOV

SALVADOR

MESSAGE OF THE PRESIDENT, CARLOZ MELENDEZ, TO THE NATIONAL ASSEMBLY

File No. 816.032/19

Minister Long to the Secretary of State

No. 153

AMERICAN LEGATION,
San Salvador, March 9, 1917.

SIR: Referring to this Legation's despatch No. 149¹ of March 3, 1917 regarding the address delivered by the President of the Republic of Salvador before the National Assembly on the opening of that body February 20, 1917, I have the honor to enclose herewith two copies of the *Diario Oficial del Salvador* of February 20, which gives the above address in full, together with a translation of that portion which refers to Salvador's relations with the United States.

I have [etc.]

BOAZ W. LONG

[Inclosure—Translation—Extract]

This is what happened with the sister Republic of Nicaragua. Salvador, in view of the negotiations made by the Nicaraguan Government with the United States in concluding the Bryan-Chamorro Treaty, with which we are all acquainted, raised a voice of protest because it considered that its rights had been injured and its security and sovereignty threatened, and for this purpose a note of protest was sent to the Nicaraguan Government through two Cabinet mails.

Similarly, my Government being ever jealous of the high mission with which it is entrusted, namely, that of looking after the interests of the Nation and being desirous of defending its injured rights, filed a formal suit against the Nicaraguan Government before the Court of Central American Justice through Mr. Gregorio Martin, our diplomatic representative in Costa Rica, this suit being amplified later on according to instructions given to said official.

Recently, under date of November 20, Mr. Alonso Reyes Guerra was appointed attorney for Salvador before said Court in order to appear in this matter, which is of such transcendent importance because it involves the vindication of the rights which we claim.

As eloquently testified to by the history of our country, Salvador has at all times contributed toward defending the integrity of Central America whenever an attempt was made to occupy the coastal waters thereof for the purpose of establishing naval bases of powerful nations and this very Gulf of Fonseca is a witness of the consistency with which the most patriotic Salvadoran Governments of the past century endeavored to save its waters from British occupation.

It would therefore have betrayed the national spirit and traditions this time if it had looked with indifference upon the alienation of this maritime domain, which is the common patrimony of the three Central American nations that have peacefully possessed it from time immemorial.

The bonds of friendship which unite us with the Republic of North America have remained inalterable, whereby one of the points of my Government's program has been fulfilled, that is, the constant maintenance of a spirit of the most frank international cordiality.

¹Not printed.

To this end I take satisfaction in noting that Mr. Rafael Zaldívar, our Minister at Washington, is faithfully performing the delicate duties of his important mission with tact and ability, having contributed toward the successful bringing together of the two countries, which effort is being seconded here with so much skill by his excellency Mr. Boaz Long in his exalted capacity as Envoy Extraordinary and Minister Plenipotentiary of the great and prosperous North American Nation.

EARTHQUAKE IN SALVADOR

File No. 816.43/2

Minister Long to the Secretary of State

[Telegram]

AMERICAN LEGATION,

San Salvador [undated; received June 8, 1917, 11.40 a. m.]

About 6.55 this evening seven earthquakes began and continued until about 8.45 with varying degrees of intensity when the volcano of San Salvador seemed to erupt and belch forth fire and smoke apparently on the side toward Quetzaltepeque. Since then one terrible shock has occurred but the tremors of the earth still continue with decreasing violence, meanwhile a steady shower of dry ash falls over this city. The damage done to the Legation building will render it uninhabitable, but all records and ciphers were safe a few moments ago when I entered the chancellery. All other city property appears [to] be practically untenable. One important central business section has been destroyed by fire which seems now to be under control. No deaths known to me at present. Further details later.

BOAZ LONG

File No. 816.43/2

The Secretary of State to Minister Long

[Telegram]

DEPARTMENT OF STATE,
Washington, June 9, 1917.

Your undated telegram received to-day. You will, at your earliest opportunity express to President Melendez the deep distress felt in the United States and by this Government at the calamity which has befallen a sister Republic. In conveying the heartfelt sympathy of the United States you will make such offer of assistance as may seem desirable in the circumstances.

LA NSIN

File No. 816.43/7a

President Wilson to President Melendez

[Telegram]

THE WHITE HOUSE,
Washington, June 9, 1917.

I wish to extend to you my heartfelt sympathy in the terrible disaster that has overtaken El Salvador, and to express, in my own name and that of the American people an earnest desire to render every possible aid and assistance to your country in its distress and to the sufferers from this calamity.

WOODROW WILSON

File No. 816.48/12a

The Secretary of State to Minister Long

[Telegram]

DEPARTMENT OF STATE,
Washington, June 9, 1917.

Nothing received from you since your cablegram presumably sent night of June 7, received by Department 11.40 a. m., June 8. If you consider it necessary and should it be practical, Red Cross can cable you five to ten thousand dollars for immediate relief purposes. If you are able, cable Department what articles of food and clothing are needed and Red Cross will endeavor to furnish them. Also cable suggestions in regard to transportation of such articles from the United States or Panama. Navy is sending wireless message from Darien station to all ships in vicinity of Salvador, requesting the one nearest to put in at Salvadoran port to secure information and render any aid possible.

LANSING

File No. 816.48/10

President Melendez to President Wilson

[Telegram—Translation]

SAN SALVADOR, June 10, 1917.

In the name of the people of Salvador, and in my own, I acknowledge with heartfelt thanks the sentiments of sympathy from Your Excellency and the American people and also the generous wishes you are pleased to express to me for the sufferers of the disaster that has taken place.

PRESIDENT MELENDEZ

File No. 816.48/8

Minister Long to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
San Salvador, June 10, 1917, 11 a. m.

I communicated to President Melendez in appropriate terms the purpose of your plain cable of ninth. He expressed deep appreciation, but thought Salvador could deal with situation for the present. He stated that he would not hesitate to call upon us for aid should it become necessary.

LONG

File No. 816.48/5

AMERICAN LEGATION,
San Salvador [undated; received June 10, 1917, 5.15 p. m.]

Earthquakes have continued at diminishing intervals since my former plain cable. Many homes of the wealthy thought to be earthquake proof are in ruins, many homes of the poor are leveled to the ground. All who can afford it are leaving city. Have been moving tons of débris from around the Legation and shall remain unless conditions grow worse or seat of Government changes.

LONG

File No. 816.48/7

Minister Ewing to the Secretary of State

[Telegram]

AMERICAN LEGATION,

Tegucigalpa [undated; received June 11, 1917, 11.35 a. m.]

Long at Salvador wires to-night:

Terrible earthquake began Salvador yesterday 6.55, and has been continually going on and off ever since. Impossible ascertain what loss of life has been reported. Quetzaltepeque and one or two other towns ruined. Capital has hardly house left of use as living quarters, people are living in streets. We are all safe though somewhat unstrung.

Latest information Tegucigalpa effect all public buildings destroyed; telegraph, hospitals, schools, presidential residences, national theatre building, also executive offices. Respectfully request instructions if any.

EWING

File No. 816.48/9

Minister Long to the Secretary of State

[Telegrams]

AMERICAN LEGATION,

San Salvador, June 11, 1917, 2 p. m.

Your telegram of ninth received this morning; immediately interviewed President Melendez who says Quetzaltepeque, Armenia, Santa Tecla and this city are centers of sections most affected by recent earthquakes; that sufficient food from other parts of Republic are being rushed to these places to satisfy present needs; that on account of damages to railway lines from Sitio del Nino to this capital, Government is opening cart road to connect with La Ceiba branch in order to establish communications with Acajutla and San Sonate where stores of necessities belonging to local merchants are waiting transportation here. He thinks there may be shortages of building lumber and corrugated iron roofing, stocks of both are being inventoried so as to gauge supply. Will advise later Government need for food, lumber, roofing. All vegetation looks scorched undoubtedly due to effect sulphurous acid fumes volcanic eruptions combining with moisture. Some fear this will make short crops, others that there will be no crops from sections affected.

President very grateful for telegrams from President Wilson and Red Cross, he tells me he answered both and referred our Red Cross offer to local organization.

Conference with President of Red Cross reveals necessity for general relief including money and materials with which to provide shelter; clothing, food and medicines are also needed from States. About twenty thousand destitute this city, now living streets and parks without adequate shelter. Rainy season just begun will last six months making conditions worse.

Corrugated iron is roofign best suited to this country but local stocks of this and all other roofings are practically exhausted. There should be sent from San Francisco on first ship leaving for La Libertad (Grace Line direct sailings are quickest, Pacific Mail has ship leaving San Francisco in a few days) two thousand sheets light gauge corrugated roofing nine feet long or equivalent in other lengths, nails for same and some sheets of thin tin for coping.

Lumber, six thousand two by four twelve feet long, three thousand narrow strips one inch by four approximately by sixteen feet long, three thousand ditto eight feet long, sufficient small and medium nails to construct shelters from above material.

Clothing, two thousand pairs blue drill overalls medium and small sizes, latter for undersized working men and youths, two hundred pieces American prints for tropical use destitute women, assorted thread and needles for two thousand sewing girls.

Food, poor people use mostly beans, corn, rice, flour and lard; any contributions these commodities very welcome especially tinned lard.

Medicines, quantities of quinine in tablets, also bismuth tincture, iodine, ipecac, aspirin, peramidon, castor oil, bichloride of mercury, magnesium sulphate, carbolic acid are much needed. More to follow.

LONG

File No. F. W. 816.48/9

AMERICAN LEGATION,
San Salvador, June 11, 1917, 3 p. m.

Continuation June 11, 2 p. m. Unprecedented demands have been made upon the Salvadorean Government due to earthquakes. Presumably much has been provided to relieve suffering but it is believed that reserves are disposed of as Government day before yesterday accepted fifteen thousand pesos from Salvador Red Cross leaving organization practically without funds.

I think it would be preferable to do initial relief work through natives or foreigners in good standing with the Salvadorean Government and propose upon your approval to tender Salvadorean Red Cross five to ten thousand dollars offered in your telegram under acknowledgment and such supplies as can be donated. Suggest that the American Red Cross place ten thousand dollars subject to my draft with Bloom Brothers, New York, or others so that same may be available immediately upon receipt of reply to this despatch. I will make it my duty to see that this amount along with supplies will go where they will do most good. Upon receipt favorable reply work can be commenced with local lumber which can be replaced by that to come from States in cases where local product cannot be bought. In addition to articles requested above quantities of double width canvas would serve as wall coverings for shelters.

Rain all last night and several hard tremors during this Tuesday morning keep populace under tension.

LONG

File No. 816.48/7

The Secretary of State to Minister Ewing

[Telegram]

DEPARTMENT OF STATE,
Washington, June 11, 1917, 6 p. m.

Your undated telegram received June 11, 11.35 a. m. Contents of your cable have been sent to American Red Cross which will render all aid possible.

LIANSING

File No. 816.48/9

The Secretary of State to Minister Long

[Telegram]

DEPARTMENT OF STATE,
Washington, June 13, 1917, 6 p. m.

Your June 11, 3 p. m. American Red Cross has placed five thousand dollars to your credit with Bloom Brothers, New York. Question of further money and supplies being taken up actively by Red Cross.

No prohibition against exportation of corrugated iron or any of other articles from United States.

LIANSING

File No. 816.48/13

Minister Long to the Secretary of State

[Telegrams]

AMERICAN LEGATION,
San Salvador, June 13, 1917, 6 p. m.

Several hours after sending latter part my June 11, 2 p. m. member of Government told me there has been commission appointed to receive relief funds from whatever source derived, including Salvadorean Red Cross (which would probably limit its labors to medical attention, etc.) and that new commission would be pleased to receive contributions from the American Red Cross.

June 10 Government organized commissions to attend food, sanitation and construction. Present indications are that all these will work harmoniously.

Think that ten thousand dollars should be provided immediately. As this amount will be clearly inadequate strongly recommend that philanthropist fund of at least five thousand dollars and the supplies listed in my telegram of June 11, 2 p. m. be placed at my discretion. Dr. Spinden and a Mr. Morley will assist in administering same. This is to safeguard against possible inefficiency or partiality in native management. If the Department concurs moving [movable?] barracks will be constructed immediately upon receipt of favorable reply. As one unit of this would like one hundred wall tents with tarpaulins [tarpaulins?] from Nicaragua, Panama or quickest available source.

LONG

File No. 816.48/12

AMERICAN LEGATION,
San Salvador, June 14, 1917, 6 p. m.

All night downpour drove home anew to thousands who slept in the open the real need for shelter, no doubt if marines or warships have extra tents Department will rush same here. Three earthquakes of unusual severity during night rendered situation more disagreeable.

LONG

File No. 816.48/15

AMERICAN LEGATION,
San Salvador, June 15, 1917, 11 a. m.

Your telegram of June 13, 6 p. m. Salvadorean Red Cross has accepted with appropriate expression of appreciation 5,000 dollars; through an amicable arrangement with Government's commissions, Red Cross will administer funds it accepts with free hand. Even so, more money for the Red Cross and supplementary fund are necessary.

LONG

File No. 816.48/14

Consular Agent Makinson to the Secretary of State

[Telegram]

AMERICAN CONSULAR AGENCY,
Amapala [undated; received June 15, 1917, 7.15 p. m.]

Telegraphic communication with San Salvador subject delay and censor, official statement of catastrophe is not published, martial law proclaimed, all buildings ruined or badly damaged, loss life small in capital, heavy in suburbs, population quartered streets and parks; towns of Santa Tecla, Quetzaltepeque, Armenia, wiped out, lava flow interrupts San Salvador-Acajutla Railway; money, food, doctors and workmen arriving from other cities; conditions now improving.

MAKINSON

File No. 816.48/16

Minister Long to the Secretary of State

[Telegram]

AMERICAN LEGATION,
San Salvador, June 16, 1917, 11 a. m.

So complete is the damage to structures in this city that owners now begin to realize the impossibility of makeshift repairs. Lumber is mostly hewn or whipsawn and commands high prices. Walls are constructed lattice-like with uprights of poles or scantlings and horizontal members of canes are used for lathing. They are then filled with mud and covered with adobe and plaster. The termites, or white ants, bore through the wooden frames, especially near the

ground. The adobe and plaster are shaken out of the lattice by the earthquakes and the rotten supports give way, and let the heavy tile roofs come crashing to earth. Rebuilding is thus a necessity in most cases but large amount of money can alone make this possible. Local banks have their capital employed. The wealthy natives are hit by the loss of city property and coffee crops. The Government voted this week a million pesos partially to relieve the pressure.

LONG

File No. 816.48/18

The Acting Secretary of State to Minister Long

[Telegram]

DEPARTMENT OF STATE,
Washington, June 16, 1917.

Department has today been notified by Red Cross that in addition to the 5,000 dollars deposited to your order with Bloom Brothers, Bankers, New York, it is shipping via *City of Para* from San Francisco, on June 25, material to the value of 10,624 dollars consigned to you and covering practically all articles requested in your telegram of June 11.

POLK

File No. 816.48/39

Minister Long to the Secretary of State

[Extract]

No. 211

AMERICAN LEGATION,
San Salvador, July 7, 1917.

SIR: I have the honor to report, in continuation of my despatch No. 208¹ which describes conditions following the earthquake of June 7, that comparatively little progress has been made toward the rehabilitation of destroyed portions of this city.

Limited indeed is the number of shelters finished, and given over to the needy. The slowness in providing adequate shelters for the poor now on the ground naturally serves as a discouragement to those others who fled the city following the recent seismic disturbances. There seems to be small chance that adequate shelters will be provided to accomodate all the homeless for a long time to come. The arrival of the roofing, lumber and supplies now on the way will ameliorate present conditions. But the problem of temporary quarters for those laborers whose presence is necessary for the rebuilding of the city probably will continue to be dealt with in haphazard fashion. Those who have no option but to remain will endure their hardships as best they may until the return of the dry season. In the interim many makeshift repairs are being made and minor building operations being undertaken but these follow the lines proven by the recent earthquake to be faulty.

¹Not printed.

Meanwhile the larger problem, that of permanently rebuilding the city is receiving scant consideration from the Government because it has no funds, and cannot count upon any in the near future.

The danger of epidemic is apparent. Malaria is rampant at the present time. Flies and mosquitos are much more common than usual and among the latter are stygomiæ, the carriers of yellow fever. Although no yellow fever is known to exist here it may be brought in by coastwise traffic and under the conditions might gain great headway before it could be checked. Fortunately in these matters of public sanitation I am able to rely upon the advice and assistance of Dr. Bailey of the Rockefeller Foundation. Leading local physicians who may be said to be somewhat predisposed to ignore such signs concur that precautionary measures should be taken. We may rest assured that anything done in this direction to reduce the dangers of epidemic would not lessen that effectiveness of present local Red Cross work.

A temporary and partial relief will no doubt come with the advent of ample material for building emergency quarters, but even so, far more money than that now in sight will be necessary to pay for the construction of such quarters and to give effective form and distribution to the materials being contributed by donors including the American Red Cross.

In addition there should come quickly from some source an amount of cash sufficient to drain the vast number of pest holes, mosquito breeding centers, and to place a film of oil over such as cannot be drained.

I have [etc.]

BOAZ W. LONG.

Note: Above letter was referred to the American National Red Cross August 22, 1917.

File No. 816.48/35

[Telegram]

AMERICAN LEGATION,
San Salvador July 13, 1917, 8 p. m.

Your cable July 6, 3 p. m. In earlier telegrams bearing on relief of Salvador I suggested that a supplementary sum be placed at my discretion. It has now become apparent that such a fund of five to ten thousand dollars will alone make possible the immediate and effective use of these supplies. It is needed to cover cost of hauling from Acajutla to San Salvador part of which must be done by oxcart and will be very costly; expenses of labor and material in the putting up of tents and shelter houses and specially in providing floors, kitchens and other sanitary necessities that can hardly be left to the discretion of the natives, and also to give assistance to indigent American citizens.

Even the best drained tents are unsafe for habitation without some sort of flooring during the season of torrential rains. Very little lumber can be secured here for such flooring. I suggest therefore that the following be rushed here:

Three thousand boards, one by twelve by twelve for flooring and siding, 1,000 one by four by twelve for door and window frames, 1,000 feet tongue and groove four inch ceiling, two by fours necessary for placing these boards, all planed one side, 1,000 cheap cotton blankets, 10 fifty pound kegs white lead, boiled linseed oil sufficient to mix, and brushes to apply same, 20 rolls fine mesh narrow width screen cloth, 600 yards sail cloth for cots, 10 barrels chloride lime or other disinfectant, 3 cases Lifebuoy soap, 6 galvanized iron sinks, 12 water faucets half-inch. If tents sent have no tarpaulins the cotton cloth is needed to make same.

In granting free entry for the first supplies which arrived Acajutla day before yesterday President of the Republic expressed in name of the Government and people of Salvador most cordial thanks. Deep appreciation seems to be greatly felt.

LONG

**ATTITUDE OF SALVADOR TOWARDS THE BRYAN-CHAMORRO
TREATY**

(See Nicaragua: Bryan-Chamorro Treaty)

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